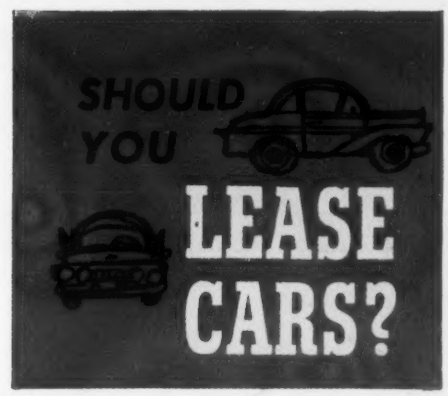
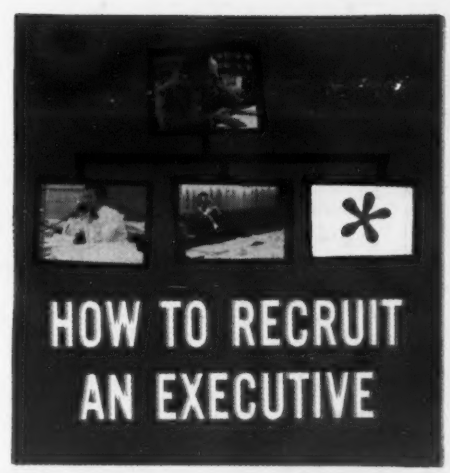
Management
METHODS

SEPTEMBER 1959

PRACTICAL SOLUTIONS TO ADMINISTRATIVE PROBLEMS





C. WILSON RANDLE OF BOOZ, ALLEN & HAMILTON TELLS—

SEE COMPLETE CONTENTS ON PAGE 3

How to manage research and development


How versatile can an office phone be?

SEPTEMBER 1959

Management
METHODS
Volume 16 Number 6

Contents

Departments and short features

Management METHODS

Volume 16 Number 6

22 West Putnam Ave., Greenwich, Conn.

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Management Methods is indexed in the Business Periodicals Index

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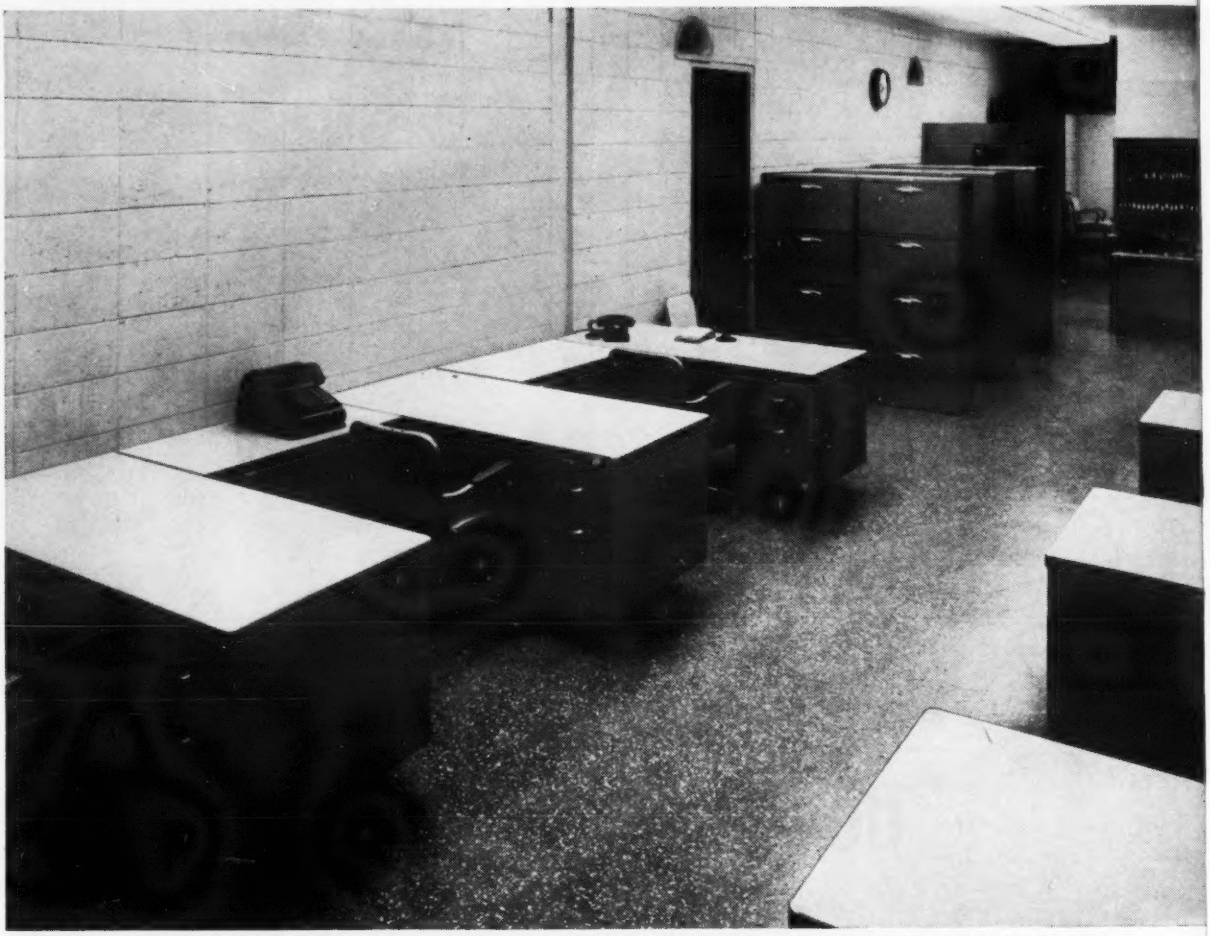
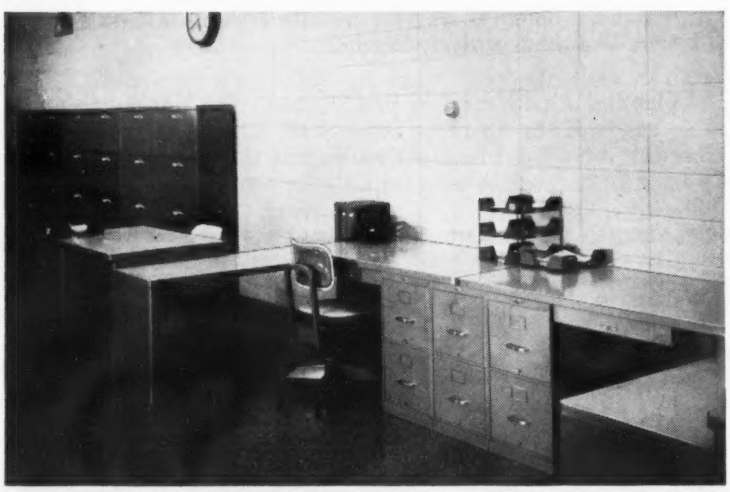
SPACE *challenge at Big Flats!*



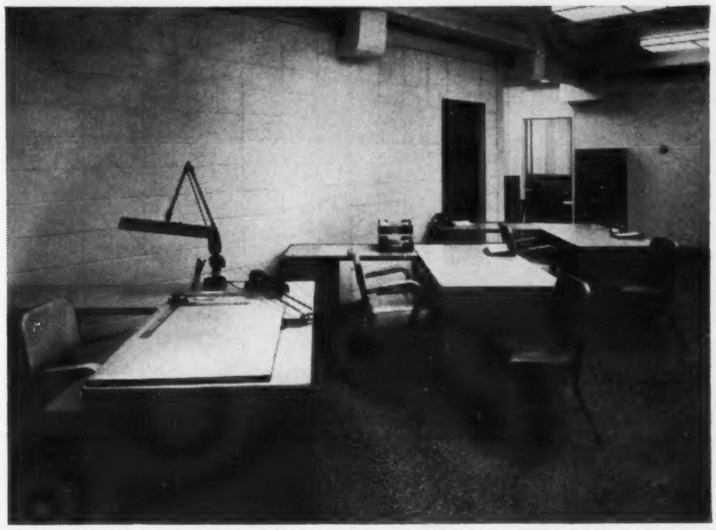
SAVED: 25 to 30% FLOOR SPACE. Corning does it with Pro-File cabinets and Mod-U-Ell work stations in its Industrial Engineering office. Pro-File cabinets fit where an equal number of conventional 4-drawer files could not—right in the aisle—yet provide ease of reference to filed material. Arrangement of Mod-U-Ell work stations eases work flow where there is interrelationship of jobs.



SAVED: 20% FLOOR SPACE. This unique continuous arrangement of Mod-U-Ell lets four workers, with interrelated jobs, carry on their work easily **without having to move.**

CUSTOM STATION IN A CORNER. The use of Mod-U-Ell furniture made possible the customizing of each work station to meet the requirements of special jobs at no more cost than the conventional desk and table arrangement. This is a Private Supervisory office.

VERSATILE MACHINE DESKS. As used in Corning's accounting office, the Y&E 7600-30FBR machine desk holds calculating machines. But—as illustrated below—the desk can also be used for other office machines . . .



ROOM FOR 2 TO 3 MORE WORK STATIONS! Mod-U-Ells used in Corning's Process Engineering section made expansion of the section possible without crowding, yet provided more actual working area through increased working surface.

NOW IT'S A TYPEWRITER DESK! Versatile 7600-30FBR machine desk is also used in Corning's Production Planning office, inventory control section. Notice the Pro-File cabinets for speed and ease of reference, plus the Y&E card record files.

Corning Glass Works takes available office space, tailors furniture and arrangement to get jobs done smoothly.

Here are office furniture and arrangement that challenge the imagination.

The furniture is by Y&E—and you can do almost *anything* with it! At the Big Flats, N. Y. plant, Corning Glass Works' Industrial Engineering staff used it imaginatively to *fully utilize* the space in the plant's general offices.

The Y&E Mod-U-Ell Line, for example, they used like building blocks—building on continuously, where possible, to save space. A desk top here . . . a pedestal there . . . files in here like so. Form fits function. Space is well used. All areas are comfortable, attractive, coordinated in style and color.

Y&E *Pro-File** cabinets were specified "for their space-saving aspects as well as ease of reference to filed materials," according to Mr. Robert S. Callaway, Senior Industrial Engineer at the plant. "The cooperation of Y&E sales representatives, as well as their dealer, F. A. Williamee & Son . . . did much to make this installation one of the finest in the company."

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*Patent applied for

United States Rubber

Coated Fabrics Dept., Mishawaka, Indiana

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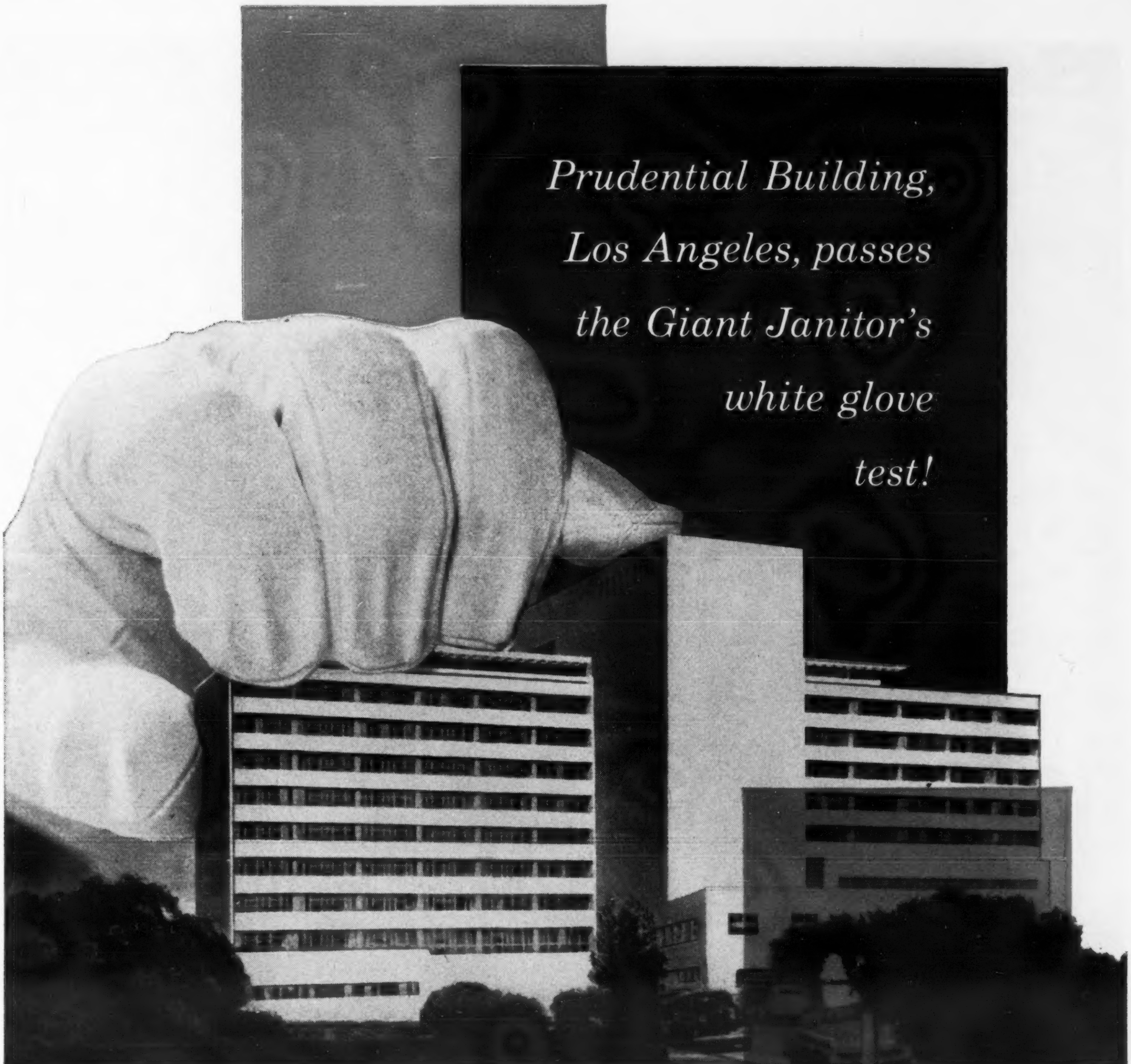

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Here's how it works. Jensen is equipped with a transistorized pocket-size radio receiver. When you want to contact him, you call him by phone. If he's away from his usual location, your switchboard operator sets his *private code signal* on the encoder (a compact unit located next to the switchboard) and flips a switch.

Instantly his receiver—and no other—responds with a pleasant, but commanding signal. He knows he's wanted, picks up the nearest phone and reports. The page automatically repeats every 20 seconds. As many "Jensens" can be equipped with receivers as you want.

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How to cut production costs

A booklet by Hancock Telecontrol Division tells how its production control technique saves time and costs.

It describes how a single Telecontrol center automates production communications—thus eliminating "management by shoeleather." The system can be adapted to both new and established plants.

The manufacturer states benefits resulting from Telecontrol equipment will easily repay its costs—about $250 per production machine—in less than a year.

For a free copy of this booklet on production control, circle number 256 on the Reader Service Card.

Advertising as a profit maker

"The Vital Role of the Advertising Budget in Sales and Profits" is a new 30-page booklet authored by Wade Advertising, Inc.

In briefed-down treatment, the piece presents the most successful methods for determining and allocating advertising appropriations.

Facts given are bolstered by statistics, charts and check lists.

For your free copy of this advertising budget guide, circle number 257 on the Reader Service Card.

How to find markets abroad

"The Whys and Hows of Exporting for Manufacturers" is a 32-page handbook released by the New York State Commerce Department.

It describes various procedures in finding export markets and distributing goods abroad.

Subjects include foreign trade opportunities, operation of export departments, export credit and financing, use of manufacturers' agents, preparation and marking of goods for export, functions of freight forwarders and mail regulations.

For a free copy of this detailed analysis of export operations, circle number 258 in the Reader Service Card.

Multi-purpose use of space

A new four-page folder shows how to conserve floor space and meet changing work space requirements.

Prepared by Howe Folding Furniture, Inc., illustrated case histories show time, space and cost savings made possible through folding equipment and multi-purpose use of rooms.

For this free full-color folder, circle number 259 on the Reader Service Card.

How leasing works

The case for leasing equipment, rather than owning it, is presented in a 12-page booklet by United States Leasing Corp.

It points out that leasing enables a company to derive profits from both equipment and capital.

Equipment that can be leased through this firm ranges from the smallest piece of office furniture to the largest jet aircraft.

For a copy of "Leasing," circle number 260 on the Reader Service Card.

Record retention guide

Inactive and dead records can consume valuable office space. To rate efficient use of filing space, Cirker's Moving and Storage Co., Inc., has prepared a Space Rater. This box score device outlines a simple method of evaluating space in terms of file cabinets, square feet and costs.

Simple arithmetic reveals actual cost of housing records on your premises. This cost can then be compared with that of outside accessible storage for inactive records.

A handy record retention chart gives data and rules governing legal retention periods for various records and documents.

For both Space Rater and Record Retention Guide, circle number 263 on the Reader Service Card.

Furniture for the executive

A comprehensive collection of fine office furniture is pictured in a new 80-page catalog by Dunbar Furniture Corp.

Suggested room settings and furniture arrangements are also illustrated in full color.

The extensive collection, designed by Edward Wormley, includes a wide variety of desks, storage units, tables, chairs, sofas and coordinated accessories.

For a free copy of this fine catalog, circle number 262 on the Readers Service Card.

How to retire creatively

"10 Commandments of Creative Retirement" are given in a booklet authored by Bruce Barton, noted advertising executive.

It discusses the steps an individual should take both before and after retirement. The suggestions presented are based on a survey made of Phoenix Mutual Life Insurance policyholders.

For your free copy of this 10-page Phoenix booklet, circle number 261 on the Reader Service Card.

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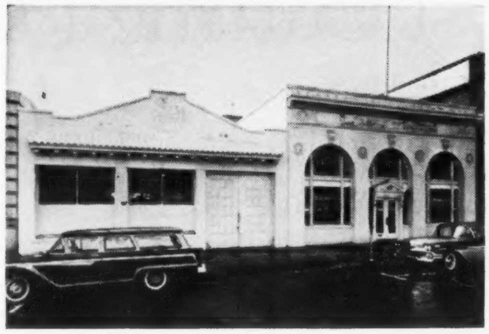

EMPLOYEES APPRECIATE the simplified, high speed operation of National Class 31 Machines.

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"Our *National* Accounting System saves us $15,900 a year... pays for itself every 9 months!"

—D. Zelinsky and Sons
San Francisco, California

"We have been using National equipment for 18 years," writes R. D. Zelinsky, president, D. Zelinsky and Sons. "Though we are not considered a large firm, our National System provides us with substantial savings. We feel the efficiency of a National System can be utilized by any firm—regardless of size.

"Recently, we installed two National Class 31 Machines. Our increased work load prompted us to use them for all accounting applications required in our business. The accurate, easy-to-read statements provided by our National System eliminate misinterpretation by both employees and customers. Our National System's flexibility lends itself to virtually any accounting function while at the same time providing substantial reductions in operating costs.

"In our estimation, a National System is the most efficient way to process accounting records. We recommend it to any firm whether large or small. Our National Accounting System saves us $15,900 a year... pays for itself every 9 months!"

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Your firm, too, can benefit from the time- and money-saving features of a National System. Nationals pay for themselves quickly through savings, then continue to return a regular yearly profit. National's world-wide service organization will protect this profit.

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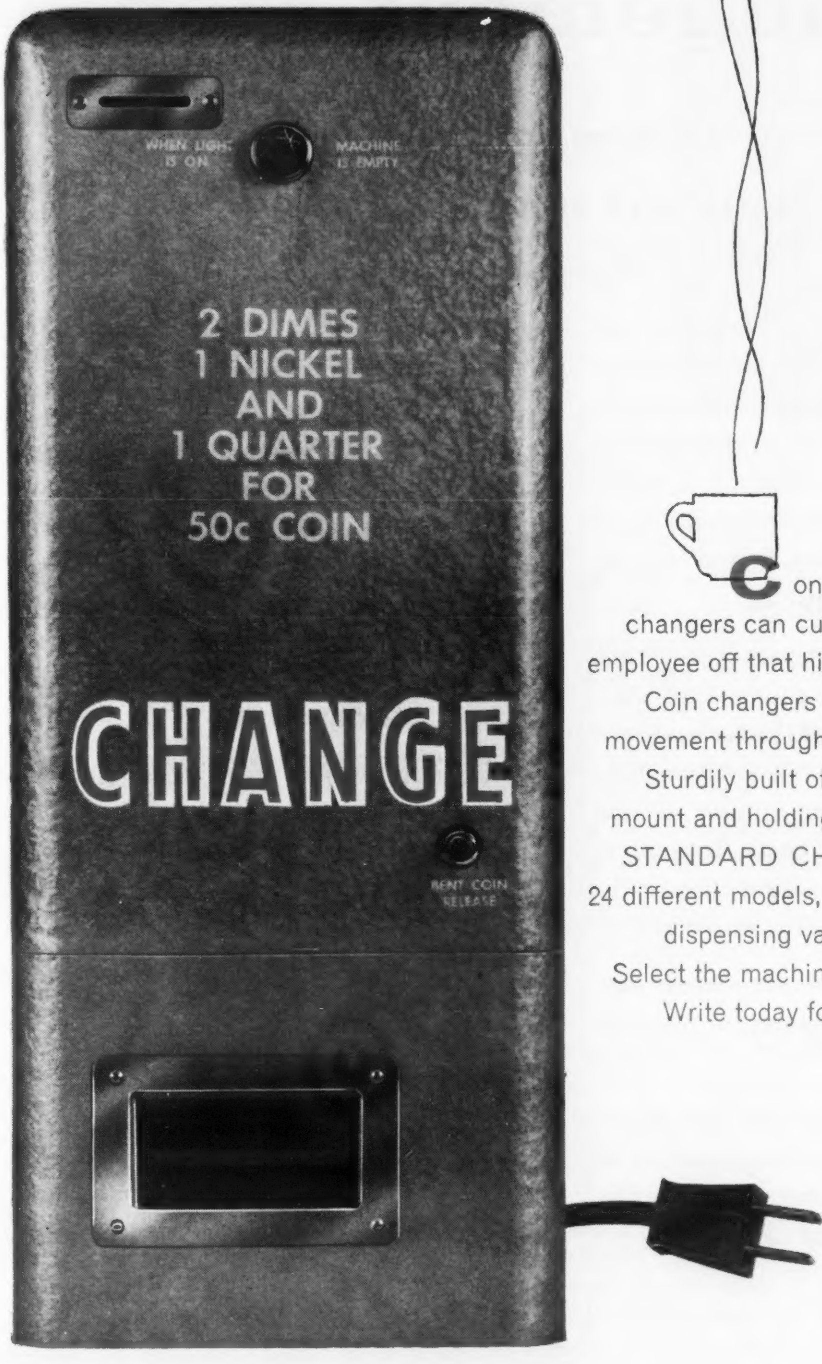

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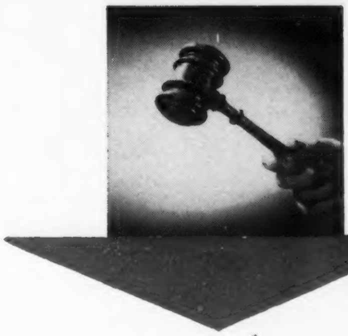

DO YOU KNOW THE LAW ON

Retailer's liability

IS HE RESPONSIBLE FOR MANUFACTURING DEFECTS?

The question — Is a retailer or wholesaler liable for manufacturing defects in an article sold to a customer?

The answer — No. It is a general rule that if a dealer who is not the manufacturer sells an article in general use and in the usual course of trade, that is not inherently dangerous, and has nothing to call his attention to defects in its manufacture, he is not liable for such defects.

In such cases, the dealer may assume that the manufacturer has done his duty and has not placed a defective commodity on the market.

Case one — In Michigan, a woman purchased a box of stove polish which she intended using on her gas range. The stove polish had been prepared and placed on the market by a Detroit manufacturer who had sold it to this dealer. With the application of the polish there was an explosion. The woman sued for damages. She sued not only the manufacturer but the dealer as well.

The Michigan court ruled that no liability for the accident rested on the retailer. "The question is this," said the court, "whether a dealer, a hardware merchant, for example, who buys stove polish in the open market which purports to be safe and proper for use, and sells the polish for a purpose for which it is apparently intended, is liable in the absence of negligence, if it turns out that the polish is not adapted to the use and causes injury. We think it clear that no such liability exists."

Clement vs. Rommeck, 113 N.W. 286, Michigan, Oct. 4, 1907.

Case two — A housepainter in Kentucky went to a local store one evening for paint dryer. He went to the stockroom with the clerk and poured the dryer from a five-gallon can while the clerk held a candle close to the open can of dryer. In the explosion that followed, the customer was killed. *(turn page)*

Note — This feature is offered as a general guide only. Consult your attorney on specific legal problems.

A representative of the victim sued the wholesaler from whom this dealer had purchased the dryer. The Kentucky court denied a recovery against the dealer, ruling:

"The dealer who purchases and sells an article in common and general use in the usual course of business and trade without knowledge of its dangerous qualities, is not under a duty to exercise ordinary care to discover whether it is dangerous or not. He may take it as he finds it on the market. He is not required to investigate its qualities or to endeavor to ascertain whether it is dangerous for the use intended before he can absolve himself from liability in the event injury results from its use.

"There are many necessary articles and things in common and general use throughout the country that are dangerous unless used with care, but the dealer who buys and sells them in the open market in the usual and ordinary course of business and who makes no representations or concealments and who does not know that the article is explosive or dangerous in its ordinary use, is not to be made liable merely because some person is injured or killed while handling the article."

The Kentucky court supplemented this statement with: "To hold dealers who buy and sell articles that are in general and common use and that are dangerous only when carelessly or inattentively used, liable in damages for the failure to give notice of their qualities or the danger in their use, when the dealer does not know of the danger, would be to impose a greater burden than the protection of the public requires, and to put on dealers a higher degree of care in the conduct of their business than they should be expected to bear."

This feature of the law, however, is not extended in its application to goods described generally as "inherently or imminently dangerous."

"But if the dealer knows," continued the court, "that the article is inherently or imminently dangerous, or is highly explosive, or if he conceals or misrepresents its qualities or warrants or represents it to be safe for the use intended when it is not, there is no reason why he should not be held chargeable with the reasonable or proximate consequences of his act in selling it without notice of the danger of its use."

Peaslee-Gaulbert Co. vs. McMath's Adm'r., 146 S.W. 770, Kentucky, May 9, 1912.

Case three — Suit was brought in Missouri against both the retailer and the manufacturer of a gas water heater, for the death of the purchaser caused by the explosion of this heater. Under these circumstances the court stated the law as, "A seller of a chattel manufactured by a third person, who neither knows nor has reason to know that it is or is likely to be dangerous, is not subject to liability for harm caused by the dangerous character or condition of the chattel even though he could have discovered it by inspection or test of the chattel before selling it."

Willey vs. Fyrogas Co., 251 S.W. 2d 635, Missouri, Sept. 8, 1952.

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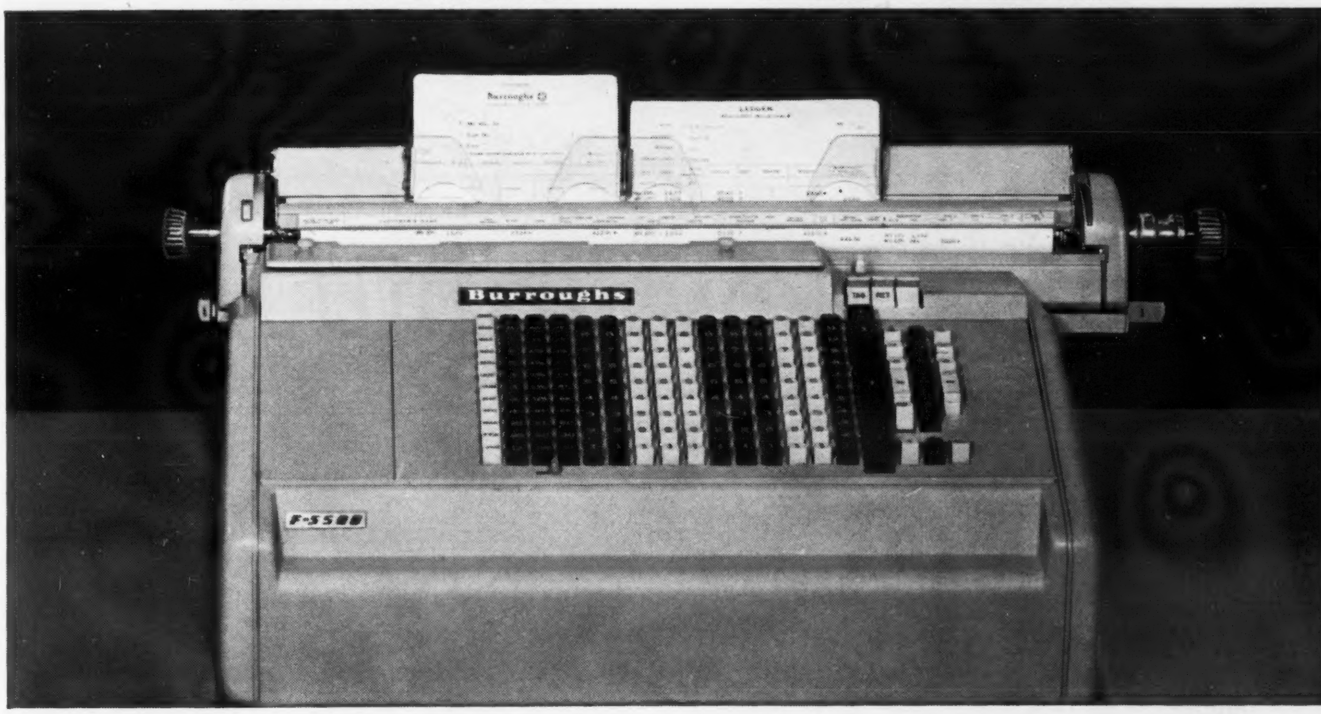
NEW BURROUGHS F-5000 F1RST FULLY AUTOMATIC ACCOUNTING MACHINE WITH DUAL PRINTING



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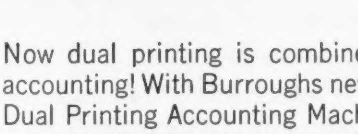
Burroughs—TM



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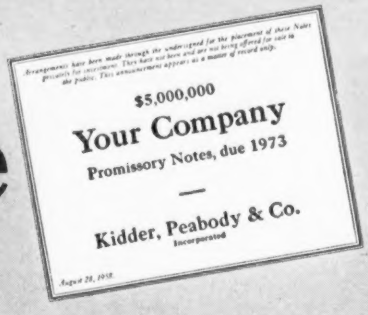
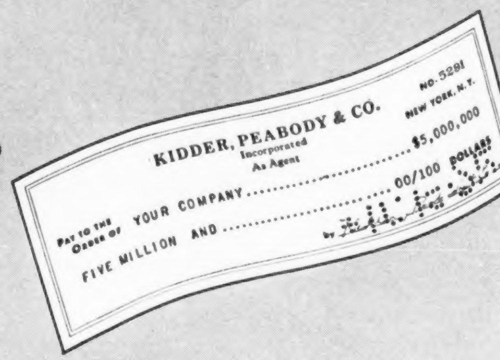
Have you considered Private Placement as a method of raising New Capital?





Private Placement as a method of raising capital has become increasingly important in recent years. Many financings unsuited for public offering because of small size or unusual features, may be arranged through Private Placement at a substantial saving in expense.

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Our skilled staff and intimate knowledge of security markets and requirements of potential lenders have enabled us to obtain favorable terms for clients, as evidenced by our volume of "repeat business" in this field.

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Write for our new booklet, "An Executive's Guide to Private Placements". It explains the important points of this widely-used method of financing and includes a case history of a successful Private Placement. Address the Officer in Charge of Private Placement.

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PRACTICAL IDEAS YOU CAN USE RIGHT NOW!

TRAVEL TIPS

CUT CORNERS AND COSTS ON YOUR NEXT TRIP

■ HERE'S A ROUND-UP of practical ideas that will save you time and money when you travel for business or pleasure.

■ Traveling executives frequently clip magazine and newspaper items which they can use in their own offices. At conventions they receive a great deal of literature and have very little time to read it. Rather than overload a briefcase or risk losing the material, John A. Lane, of Broadford, Pa., takes along stamped, self-addressed envelopes, mails the material to his office. His secretary sorts it and it's ready and waiting when he returns.

Reminder notes to send specific

literature or answer certain questions for accounts or clients visited can also be mailed in the same manner.

■ A cost saver that can be adopted by any company is suggested by W. J. Dixon, of Baltimore, Md. He points out that not all railroads charge the same fares for similar service between the same two cities. Thus, substantial savings can often be made in business travel by selecting the line offering the most economical rates.

To illustrate his point, Mr. Dixon offers these comparative fares for the Baltimore & Ohio, the Wabash, the Nickel Plate, the Pennsylvania, and the New York Central railroads:

FIRST CLASS FARE

Between	RR.	One Way	Round Trip
Wash., D.C.—Chicago	B&O	$38.04	$72.30
	PRR	50.00	95.00
Baltimore—St. Louis	B&O	44.57	84.75
	PRR	58.58	111.40
Pittsburgh—Chicago	B&O	23.32	44.70
	PRR	30.65	58.75
Cincinnati—Detroit	B&O	12.58	25.10
	NYC	16.54	33.05
Detroit—St. Louis	Wabash	22.55	43.25
	NYC	29.65	57.00
Cleveland—Chicago	Nickel Plate	15.86	31.30
	NYC	22.29	43.70

In other words, the traffic department of a business organization can save the company a lot of money on travel expenses by keeping up to date on matters of the kind listed above and routing company personnel traveling by rail via the railroad offering the lowest fares.

■ Remembering to pack everything necessary for a business trip is apparently a stumbling block for many executives. Lawrence Sosnow, of Newark, N. J., makes a list of both personal belongings and the business papers he'll require. Checking off each item as it's packed eliminates the possibility of forgetting something important.

James W. Clauson of New York travels frequently and sometimes on short notice. He prepared and had duplicated a master packing list. Thus, even when faced with a last minute rush, a copy of the master list is ready and items are checked off as they are packed. One notation

on the list is "small change" for tips and phone calls, and Mr. Clauson keeps rolls of nickels, dimes and quarters on hand.

■ Thomas A. Henry, U. S. Envelope Co., always keeps two special kits packed and ready to go into his suitcase. One contains a complete set of all necessary toilet articles; the other is a strong, expansion style envelope with a supply of paper clips, rubber bands, scotch tape; a small stapler, tape ruler and scissors.

■ If you have ever missed a train or plane by seconds simply because of the traffic jam around the checkroom at hotel conventions, exhibits and dinners, this tip will save you time and irritation.

Thomas A. Fitzgerald, public relations manager of SKF Industries, Inc., finds that hotels generally designate a specific cloakroom to handle the guests at each affair. To avoid the inevitable rush for hats, coats and briefcases, simply leave your belongings in the checkroom

of one of the hotel's restaurants or cocktail lounges, suggests Mr. Fitzgerald.

COST CUTTERS

TRY THESE 10 TIPS WHEN YOU PHONE

■ YOUR TELEPHONE CALLS may be costing you more time and money than appears on your bill. Here are a few reminders on how to streamline phone communications.

1. Ask yourself: Is this call necessary? Is the phone the best way to handle the situation?
2. Have incoming calls screened. Don't burden yourself with routine questions that don't warrant your personal attention.
3. Place your calls yourself.
4. Answer with your name—not hello.
5. Have necessary data, pencil and pad ready.
6. Cut conversational frills. Be direct.
7. Alert your secretary to expected calls that you know are coming. Then she can answer intelligently and with the degree of warmth and knowledge you wish—even if you are away from your desk.
8. Have your secretary give a believable but brief explanation of your absence. "In conference" is overworked.
9. If you take notes frequently, try a "hands free" phone.
10. **Investigate station-to-station versus more costly person-to-person calls. One chemical company found the batting average high enough on completions of station calls to warrant elimination of all long distance person-to-person calls.**

HAVE SALESMAN FOLLOW KEY TOWN PLAN

■ HERE'S A SUGGESTION for reducing sales travel costs.

Have each salesman select the most important towns on his itinerary. Then have him schedule personal visits to customers and prospects in these key towns only.

Customers and prospects in neighboring communities are then contacted by telephone. Of course, if needed, short side trips can be made.

On each successive swing around his territory, the salesmen can vary the spots where personal visits will be made.

By establishing an effective schedule of frequently visited areas and covering outlying points by phone, your men can give good coverage to thin and scattered territories.

This plan saves salesmen's time and your money.

SALES BUILDERS

DRAMATIZE SAVINGS IN DOLLARS AND CENTS

■ SOMETIMES IT'S HARD to demonstrate to customers what a big annual difference repeated small savings can make.

Dictaphone Corp., New York, is one firm that dramatizes savings in actual dollars and cents. It charts executive salaries in terms of worth by the hour and minute. Then it

neatly shows what just one hour a day saved amounts to on an annual basis. For instance a $15,000 a year executive who saves an hour daily chalks up an $1,874 annual saving.

Faced with the problem of dramatizing a low interest rate on new car loans, The Commonwealth Bank of Damascus, Va., spelled out savings this concrete way: "Have 60 gallons of gasoline this year on the Commonwealth Bank. That's what your savings amount to when you buy your new car on our 4½% new car financing plan." Another variation pointed out that you could have enough gas for a 700 mile trip with the money saved.

K & G Gas Co. of Tennessee answered premium and stamp giving

competitors by playing up its one to three cents per gallon savings this way: "If you use a tank of gasoline a week, you can have two new tires on us with the money you save at K & G each year."

There have been many other successful variations of this dollars and cents savings theme.

ENCOURAGE ALL HANDS TO SUGGEST PROSPECTS

■ YOU CAN ENLIST everyone's aid in developing new business—share owners, employees, customers.

For instance, President James A. Ryder made a personal bid for tips on possible prospects at the annual stockholders meeting of the Ryder System, Inc. He followed this up with a postal card insert in the company magazine. This easy-to-fill-out card asked for a prospect's name and address and the type of leasing service the firm could use. Business leads developed this way have been encouraging, President Ryder reports.

Detroit Edison Co. uses a small cash award plan to encourage employees to boost business. Any worker who turns in the name of a prospect for an electric water heater is rewarded with $3 if a sale results. Management doesn't trust to luck either in helping make all hands good salesmen. It provides each worker with a sales kit.

Some firms report high quality and quantity of leads developed from package enclosures. A good percentage of users list prospects on reply forms they find in packaged goods.

Ringsby Truck Lines, Inc., Denver, used an "all hands" sales contest to break its usual winter-spring slump. Hundreds of new customers were signed up, Executive Vice President Gail H. Crawford reports, as a result of the enthusiastic support of the campaign among its 1,000 employees.

Almost $8,000 in cash or merchandise prizes was distributed to alert employees for new customers and increased business from old accounts. Rewards to workers were pro-rated by their various job categories. Orders from non-sales personnel were weighted over those from regular salesmen. *(Turn page)*

Basis for earning prizes was a bonus stamp plan. To get the sales push off to a good start each employee was given 20 stamps, worth $1 in redemption value.

MORALE BOOSTERS

MAKE IT PAY TO PLAY SAFE

■ Sometimes workers are careless about donning safety clothes. This isn't the case now at the Paterson, N. J., plant of Continental Can Co. One morning recently, safety-con-

scious employees who remembered to pull on their safety gloves received a pleasant surprise. Tucked inside one finger was a note. Each was redeemable for a crisp dollar bill.

Lederle Laboratories, Inc., Pearl River, N. Y. used a prestige device in its accident prevention campaign. Top entry each month in the safety slogan contest was rewarded with a reserved space in a choice location of the company auto parking lot—good for one month's use.

LEND TYPEWRITERS TO EMPLOYEES CHILDREN

■ Behr-Manning Co. has a low cost way of building good will among employees as well as schools in Troy, N. Y., where the company is located.

It postpones the normal trade-in date on office typewriters for two years. Then it makes these machines available without charge to workers' children who are taking typing courses in high school.

Any employee who wants to borrow a typewriter for his child fills out a simple application giving the name, grade and school of his child. There's a statement for the teacher to sign saying the loan will assist the pupil's progress.

Typewriters are loaned for a single semester only. The machine is then returned to the company, cleaned and repaired if necessary. It then goes back to the loan pool until the two-year trade-in postponement has elapsed.

Office Services Manager Edward J. Richardson estimates the loss in trade-in value amounts to only about $7 a year for each typewriter.

Besides boosting employee good will, it has gained approval of the local schools—and creates a likely source of typist and secretarial candidates for employment.

PROFIT MAKERS

NEVER UNDERESTIMATE POWER OF A FOUR CENT STAMP

■ Some companies that pay large fees to agencies for delinquent bill collections hesitate to use a four-cent stamp—or postage indicia—on a reply envelope when invoicing customers.

Yet this simple and relatively inexpensive device, it's been proved, helps bring more payments in faster. Benefits are obvious—less clerical work, lower costs for stationery and postage for successive billings, fewer overdue accounts, smaller collection fees to pay.

Many firms do enclose a self-addressed envelope with invoices. But despite the proven pulling power of a four-cent stamp or sender-paid indicia, too many ignore it. Instead there's a little box bearing the message "Place four-cent stamp here."

Many bills are paid by women. Your invoice may be pigeonholed with the thought "I must remember to buy some stamps."

However, there's a defiinte psychological reaction to a reply envelope with a stamp on it or a "no postage necessary" imprint. Women, especially, hate to waste a stamped envelope.

Postage paid by you is good insurance for prompt payment. The cost: $40 per 1,000 for postage or $50 per 1,000 envelopes returned to you bearing postage indicia.

Weigh this cost against savings that accrue because of quicker collections.

RATE YOUR COMPANY ON ITS FIVE PUBLICS

■ YOUR COMPANY IS JUDGED in varying ways by different individuals and groups. What these people think of your company equals your company's public relations.

How does your firm rate with the five types it meets daily? Cities Service Petroleum, Inc. suggests this checklist of factors which influence the opinion others hold:

Customers think a business is well managed when:

Deliveries are made promptly.
Products are up to standard.
Statements are rendered on time.
Salesmen call at regular intervals.
Remedial steps taken promptly.

Employees think a business is well managed when:

Efficient equipment is provided.
Salary or wage scale is adequate and understood.
A clean, attractive workplace is provided.
Helpful and sympathetic supervision is given.
They are offered opportunities to think for themselves.

The community thinks a business is well managed when:

Facilities are attractive.
Customers and employees enjoy extras.
Contributions to the community exceed costs.
Educational, churches and cultural projects are supported.
New opportunities for local enterprise are created.

Suppliers think a business is well managed when:

Orders are clearly stated.
Shipments are promptly accepted.
Bills are paid on time.
Rush orders are held to a minimum.

Bankers think a business is well managed when:

Earnings are regular.
Growth is steady.
The cash position is good.
Debt is well managed.
Adequate depreciation is taken.
Continuity of management is assured.

How to manage research and development

You get better results from research when you improve the way research is managed. Here an astute management consultant pins down the specific actions that constitute effective management of R&D. His recommendations have been tested in actual company practice. Use this article to measure how well your company's research program is managed.

by C. Wilson Randle
Partner in charge of Management Research
Booz, Allen & Hamilton

SIX PRACTICAL WAYS TO IMPROVE R&D

How can your company improve the management of its research activities? According to C. Wilson Randle, there are six areas of management action that hold special promise. These are:

1. **Improve your selection of research projects.**
2. **Improve your utilization of technical personnel.**
3. **Improve your selection of research supervisors.**
4. **Improve the organization of your research program.**
5. **Improve the control of your research.**
6. **Improve your methods of evaluating research methods.**

Not long ago it was commonly believed that the best way to manage research was to "leave the boys in the lab alone." No longer does this attitude prevail.

Now there is increased awareness that a company's destiny is tied up in its research activities. The shape and direction R&D takes today largely determines the shape and direction the company as a whole will take tomorrow. To relinquish control of R&D may mean giving up leadership of the enterprise.

Most chief executives admit that research is less effectively managed in their companies than are manufacturing, marketing, and finance. Part of the reason is that research is relatively new to many companies, and growing fast. Further, management is less familiar with research, its work, its personnel, and proper performance expectancies than for other company areas.

A chief executive has every right to think of research effectiveness in terms of input-output ratios. He should expect the investment in research to produce profitable results.

However, research results are determined largely by how well research is *managed.*

Experience observed in numerous companies shows that six specific management actions usually result in improved results from R&D *(see panel below).*

To examine fully any one of these six points would require an article in itself. But given here are some suggested management actions in each area which seem to offer promise of enhancing the effectiveness of research. Each has undergone successful testing under actual company practice.

HOW TO SELECT R&D PROJECTS

In many companies, project mortality is higher than need be tolerated. Though there is considerable variance between companies, the average mortality of research projects runs about two out of three. Most projects tend to fail because the concept was wrong rather than because of any technical deficiency on the part of the research organization. Hence, the greatest area of possible improvement is in the idea or concept process. The following points will help reduce research project mortality.

(Turn page)

"The supervisor is the mainspring of R&D effectiveness, but he is a key weakness in many of today's labs."

C. Wilson Randle has been with Booz, Allen & Hamilton, a leading management consulting firm, since 1952. Earlier he served as dean of the School of Business, Western Reserve University. He holds a Ph.D. degree from the University of Kentucky. As partner in charge of management research at Booz, Allen & Hamilton, Wilson Randle has observed practical methods of management applied in scores of business organizations.

"Most projects tend to fail because the concept was wrong rather than because of any technical deficiency on the part of the research organization."

1. Establish a project selection group with representatives from each of the key concerned areas of the business.

It should be abundantly clear that research cannot effectively operate in isolation or independently of other company functions. The work being conducted on product improvement, new products, or processes has strong implications in marketing, manufacturing, engineering and other areas. Research people have neither the background nor experience to assess these multiple implications. Therefore, an organization is required which will bring to focus competent opinion from each of the concerned areas. Effective project selection can hardly rest on any other base.

2. Judge possible projects first against company fields of interest and objectives — then use other criteria.

Progressive managements delineate what fields the company will operate within and what growth and profit objectives are the company's aim. If a possible project does not fall within these fields of interest or meet profit objectives, then all other criteria are hollow. If the project meets these fundamental yardsticks, then and only then can we acceptably judge the project know-how, technological and marketing capacities and the other persuading criteria to be applied.

3. Build a business appraisal of possible projects including a development schedule, budget, and estimated range of profit yield.

Many, if not a majority of project proposals, will be either fragments or else technical suggestions —which, unless management has graduated from the engineering or research area, will not be fully understood. Thus, before a project proposal can be intelligently assessed by top management, it must be rounded out to a full business concept and described in business language that can be understood and acted upon. This, in addition to a layman-like description, requires a development schedule so that other required company activities can be effectively integrated, a budget so that the company's investment can be assessed, and the estimated range of profit yield so that the management can determine the payback period.

On the latter point, pessimism is a requirement. Unless the company can get acceptable payback at the minimum of the possible profit yield range, it is "no-go" since there are enough risks already in the equation without adding more.

Thus, management needs to have a business proposition for each project so that a choice can be intelligently made on where best to apply company resources.

4. Use business appraisals as a basis for selecting research projects and assigning priority.

Two points stand out. First, project selection is a top management decision. Out of projects grow the products which make the business. Secondly, only top management can fully appraise what projects can do the most for the business and in what order. Less qualified opinion is not likely to effectively select projects to meet the basic objectives of profit generation and growth plans of the company.

5. Establish limits of time, money and desired product characteristics to guide R&D.

Each project is set up as a business proposition—replete with time and money dimensions. To these are added the desired characteristics (arranged in order of priority because all will not be met) to be built into the product to make it sell. These three limits—time, money and characteristics—are the guide lines for the research and development process. Development conducted within these perimeters can be effectively integrated with other company functions to make a product a success.

6. Assure R&D adherence to established limits or enforce "recycling" for additional authorization.

As indicated, the necessity for a total integrated company push behind new or improved products or processes, obligates research to adhere to formulated limits. It is certainly true that research problems cannot be foreseen with the clarity necessary to establish irrevocable and inflexible guide lines. However, it can be reasonably expected that, when research sees the violation of an established limit approaching, it will "recycle" to bring a total company point of view to focus on the problem rather than moving ahead on its own. The latter will throw the entire program out of phase and make for project failure.

When recycled, the company may decide to revise "limits" and rephase the program; or it may decide to kill the project because of high probability of failure. This is the place to be stern—the payout is in increased profits.

7. Continue evaluation of projects as development ensues.

This is a major requirement for product success. For example, it is increasingly apparent in a number of industries that a product is easier to make than to sell. Thus, as research clothes a concept with physical charactertistics, marketing must constantly answer the question, "will it sell?" Manufacturing must see that the materials being engineered into the product are compatible with mass production re-

quirements including the economics involved. Engineering must keep constantly abreast of developments to have the necessary tooling ready at the *right time*. The finance people must continually assess the capital obligations emerging from the process. These various considerations are the major dimensions which a project must *continue* to meet as development ensues. If, at any time, the project cannot meet one of these major dimensions, it dies then or is revised to bring conformance. This, like revision of project limits, should be approached with a hard and unrelenting attitude.

Perhaps more attention has been accorded project selection than warranted, but here is the major weakness of many R&D programs. Improvement in this area will have an immediate and significant influence on research effectiveness—measured in profit enhancement.

HOW TO USE TECHNICAL PERSONNEL

There is general agreement that the utilization of scientists and engineers has not yet reached the effectiveness level prevailing for employees in other company areas. This is due, among other things, to the newness and growth of the area, the relative immaturity of the lab group, a less complete management understanding of scientific work and its personnel, and to certain supervisory deficits. Improvement can be made in the utilization of R&D personnel. This has been demonstrated in many companies. Key suggestions are:

1. Gear the organization, personnel and projects to meeting research objectives.

Two important points prevail.

First, objectives are the goals for operational activities. The more specifically they can be established, the greater the guidance to research and the more pertinent the research activity will be. Hence, specific, well-understood objectives are a major way to improved R&D effectiveness.

Second, proper sequence of action is important. Objectives should be set *first*. Once set, the kind of organization, personnel, and projects needed to meet the objectives can be determined. To establish the R&D organization *first* and then set objectives is almost sure to be a wasteful activity.

2. Prevent research dilution.

The work of the scientist and engineer is frequently diluted by non-professional work and extraneous duties. Tried management techniques pay out here. Job analysis will disclose the non-professional content of lab positions. Technicians and supporting workers can be added to pick up lower level tasks and thus reserve professional talent for professional work. The steady increase in the ratio of technicians to scientists and engineers evidences a move in this direction. Not all non-professional work can be eliminated but its diluting effect can be considerably improved over present practice.

If technical service and trouble shooting are to be carried out by research—and this is perhaps good because it does provide a strong knowledge of the strengths and weaknesses of company products—then these tasks need to be identified as research objectives. However, research management must carefully balance out trouble shooting and technical service against other research objectives.

Also, the company should clearly establish and communicate its fields of interest to guide R&D work and direct creativity. It takes as much money and time to develop impertinent projects as those which fully meet company desires. Scientists and engineers can be just as creative within well-defined limits as in non-directed areas. Persuasive evidence indicates that this concept of "guided creativity" will significantly enhance research results. This is the essence of the philosophy of General Electric which says "we will first determine what needs to be invented and then we will invent it."

3. Accent both business and scientific requirements of R&D jobs.

A common failing is to expect only technical accomplishment from the researcher. But, today, as

"Improved selection of R&D programs has an immediate influence on profit enhancement."

never before, the scientist must also be a businessman. This means adherence to time, money and manpower limits or securing revision within such tolerable time allowances as to permit the total company effort keyed to research output to be readjusted with minimum sacrifice.

4. Tighten supervision.

As will be developed, supervision in the lab is one of the major areas of needed emphasis and improvement. Because of the relative youthfulness and immaturity of the group, on-the-job training is especially important.

5. Avoid overmanning a project or a lab.

Finally, care needs to be taken to be sure that a project or even the entire lab is not overmanned in terms of expected and possible accomplishment. Excess personnel can only result in lower expected performance which depreciates the challenge in R&D work. This in turn causes unnecessary turnover in the top-flight scientist group which is strongly motivated by the challenges of the work. Industry can ill afford such losses.

"Scientists and engineers are not being used as effectively as employees in other company areas."

HOW TO SELECT SUPERVISORS

It is generally recognized that while the supervisor is the main spring of R&D effectiveness, he is a key weakness in many of today's labs. Interestingly, the supervisor rarely fails in the technical dimensions of his job. His detriments are usually in the business or human-relations requirements. This is why it is wise to stay clear of the easy way out that "a man is outstanding at his present technical position so he should make a good supervisor." This approach is especially dangerous in R&D. Improved selection can avoid these deficits through the following steps:

1. Build position description for supervisory jobs.

The nature of scientific work makes this more difficult than in other company areas. This difficulty has served as an excuse for not getting ahead with the task. Though position descriptions may be less exact for lab personnel than for other company areas, this makes descriptions more, not less, useful. Successful practice in many outstanding companies indicates the task is quite feasible.

2. Derive "man" specifications for supervisory jobs.

The next step is to determine from job descriptions and job analysts, what age, degrees, experience, and personal characteristics are required for persons if they are to fill successfully the supervisory jobs. This approach yields a standard or a judgment yardstick for identifying supervisory candidates.

3. Appraise scientists and engineers against established specifications to determine potential supervisors.

Measuring each researcher against established standards will disclose those who meet the required supervisory specifications. This process will thus determine the pool for the necessary supervisory talent.

4. Determine management interests of supervisory candidates.

More so than for any other company area, R&D personnel will be inclined to "stay in the profession" rather than take on an administrative post. Many outstanding scientists—forced into supervision by economic and social pressures—have made poor managers. A good scientist is exchanged for a poor supervisor. This is an uneven swap in most companies. Thus, the management interests of the supervisory candidate must be determined. This task requires equal parts of intelligence and subtleness or it will miss the truth by a wide margin.

5. Check the technical competence of potential supervisors.

It is recognized that a person must possess technical competence to warrant the respect of those he supervises. However, by the time he comes into focus as a possible supervisor, his technical competence has been demonstrated by accomplishment to date. Hence, selection should be tailored to discovery of his unknown and unexposed talents in the non-technical phases of the job.

6. Key selection to administrative and human-relations abilities.

These are the abilities which will generally be untested and unknown when the scientist is identified as a possible supervisor.

7. Use "trial supervision" before final selection.

This does not mean that the candidate is put in a permanent supervisory position and then withdrawn if unsuccessful. Rather, he is given a "task force" assignment, is used as a project leader, or in other ways given a temporary supervisory position as a test of his abilities in this area. As a matter of routine, tests are run on materials. The recommendation is to run tests on far

more valuable and perishable resources—the company's supervisory manpower.

8. Establish management training programs for selected candidates.

A strong accumulation of evidence supports the view that management skills are teachable. Furthermore, getting accomplishment through people is an art that can be transmitted to receptive personnel. These are the two areas of supervisory failure in R&D. Thus, training programs aimed at making better managers from both a business and human-relations point of view have real promise of strong payout.

HOW TO ORGANIZE R&D

How to organize research internally as well as functionally within the company is a problem prevailing and common to most companies. Although much of the organization obviously must be shaped to the needs of the individual firm, certain bench marks can be indicated.

1. Structure R&D as high as effective relationships are required.

It is a well-known organization principle that activities tend to be more effective at their own organization level and below rather than above. Thus, if research is to be effective as a top-level activity, it must be structured at that level. More and more companies are giving the R&D function this status, as shown in *Figure 1.*

2. Structure R&D in an independent position if interdepartmental cooperation is required.

Certainly R&D can be located under engineering, manufacturing, or one of the other functions of the business. However, when this is done, the ability to get interfunctional cooperation is seriously diminished. In most companies, the research activity must be carefully integrated with other areas if maximum achievement is to be wrought. This can be achieved if R&D is unaffiliated with any of the areas.

Reporting relationship of research and development (70 companies)

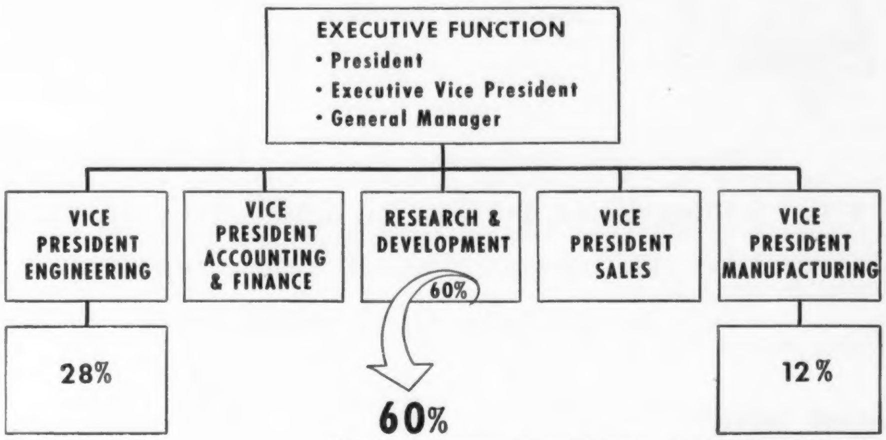


Chart by Management Research Department, Booz, Allen & Hamilton

Figure 1. The emerging independent status of R&D is noted in this chart. A recent Booz, Allen & Hamilton study of R&D organization structure in 70 companies indicates 60% had structured the R&D head at a level equal to the heads of other functional areas in the business. In 40% of the companies, R&D was structured at a third level under engineering or manufacturing.

3. Structure R&D to make clear its relationship with the new products function.

There is a distinct tendency present in industry to regard R&D as the new products function of the business. This can lead to difficulties. It is true that R&D plays an important role in taking new product ideas and clothing them with physical characteristics to create a product. But this is only one phase of a new products program. It does not embrace the gathering of product ideas from all fruitful company sources, their screening, the development of specifications to guide R&D, market or production testing, or the full scale commercialization of the new product.

The new product function coordinates the total company activity from ideas to successful products and is generally, in major companies, structured as a staff function of the general management area. On the other hand, R&D takes on the appearance of a line function and would be structured like any of the other major line functions of the business (*see Figure 2*). Failure of the organization to take into account the separate nature of the research and new product function will depreciate the effectiveness of both.

4. Derive the internal organization of R&D from research objectives.

The internal organization of R&D should be a direct reflection of the basic purposes for which it was created (*see Figure 3*). Thus, if one objective is to engage in product development, then the organization should be set up to reflect this function. This may require a project, systems, or other approach which meets the product development requirements of the company. If technical service is expected of R&D, there is a growing tendency to separately structure this within the research function to achieve better control and management. Again, if basic research is an objective, an even stronger tendency exists to separate it from other research functions.

5. Consider stability as a major requirement for the internal organization of R&D.

Good management of R&D is virtually impossible if the internal structure of R&D is constantly shift-

(Continued on page 68)

How to sell the hidden

Your product (or service) may be almost identical with what the competition offers. Yet you can outsell the competition—by stressing the "fringe benefits" of your product. Your competitors may offer the same benefits, but they probably aren't selling them.

by Ted Pollock

"To be perfectly frank with you, Mr. Cellar, I don't see any reason for switching from our present supplier."

(The scene is the office of MR. BYER. *For 15 minutes he has remained unmoved by* MR. CELLER *who sits beside the desk.*

CELLAR: I can assure you, our valves are as good as anything you'll find on the market.

BYER: But no better, right?

CELLAR: I wouldn't say that.

BYER: Then they *are* better. How?

CELLAR: *(weakly)* We've never had a single complaint about their performance.

BYER: *(consulting his watch and rising)* Tell you what: why don't you leave your card and if anything turns up, I'll call you.

CELLAR: *(rising)* Thank you. That'll be fine.

*(*CELLAR *hands* BYER *his card, which promptly joins a drawer-full of others. Handshake. Exit* CELLAR.*)*

Some of your salesmen have no doubt co-starred in this all-too-familiar drama, particularly if your product is the kind that isn't much different from the competition's. And your salesmen no doubt know the sequel, titled *Mr. Byer Never Calls.*

How can you sell a product that doesn't stand out from the crowd?

Answer: sell the "fringe benefits" —those distinctive extras in and around your product that can often change a tired "No!" into an enthusiastic "Yes!" Extras like better terms or delivery, your service policy, your company's facilities for helping customers in ways they may not realize.

These hidden plusses aren't hard to find. Usually, they've simply been around so long that they are taken for granted by the salesman and left to wither on the vine rather than to sow a harvest of more and bigger sales.

Consider how "fringe benefits" help you sell:

- They take the buyer's mind off price and put it where it belongs —on value.
- They build up his confidence by offering impressive proof that the salesman knows his product and *all* its advantages.
- They multiply the chances of hitting upon the benefit that looms largest in the prospect's mind.

In short, they make your product, your company and your salesman "different."

Let's take a look at some of these "hidden" plusses:

■ **EASIER PAYMENTS.** All other things being equal, your company's favorable terms, credit policies or financing assistance could make things unequal—in your favor.

"Rent this power mower for one month," says a gardening supplies dealer. "If you decide to buy, we'll deduct the rental from the purchase price."

A sporting goods salesman suggests: "Stock up on our football helmets now; we'll bill you in 90 days. Meanwhile, cash in on three months' sales without laying out a penny."

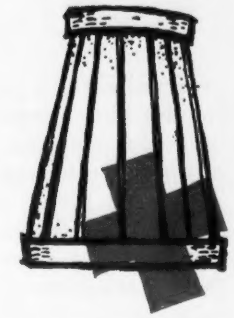
A cleanser manufacturer invites institutional customers to deposit a lump sum (in multiples of $50) in advance, to be applied against future purchases. Premium for paperwork saved: a 3% discount on all orders.

Are *your* salesmen authorized to offer special billing arrangements, lease or rental plans, trade-ins, or other non-standard terms to the buyer?

■ **FREE CONSUMPTION.** Help a man save money, increase efficiency or beef up his profits and your salesman immediately rises high above his "order taker" brethren.

As a business writer, Ted Pollock has interviewed hundreds of salesmen and their managers on scores of subjects. He is a contributing editor of The American Salesman *and holds a Ph.D. from Columbia University.*

plusses in your product



Salesmen for Shaw-Walker Co., office furniture manufacturers, arrange for their firm's interior designers to survey a prospect's offices, draw up specific recommendations for improving desk locations and aisle space and have a Shaw-Walker draftsman prepare a blueprint for maximum efficiency.

Says Sales Manager John G. Campana: "We also employ a files analyst, whose job is to analyze and assess the filing systems of potential customers. If their files are doing the job, she'll say, 'Congratulations—there's nothing we can do for you.' But if we can honestly be of service in streamlining a system, she'll tell them exactly how. In either case, our goal is the same—to help our customers save money, time and labor. And this is a plus they all appreciate."

More and more printing houses offer, as part of their service, to write and design brochures, booklets and letterheads—a real boon for companies that lack advertising departments of their own. Here is a service that speaks decibels louder than price.

Can *your* firm's production, engineering, design, traffic, credit or advertising departments give your customers any special kind of aid? And, even if not expressly part of present policy, have you tried recruiting your experts in behalf of your customers and prospects?

■ **HELP IN A CRISIS.** The plus that persuades your very next prospect might be your company's off-beat or little-known facilities for handling S.O.S. situations.

Examples: "At night, phone operator 25." "If we haven't the parts you need, we'll locate someone who does." "My company will pay the premium for you if you are incapacitated." "Twenty-four-hour-a-day, seven-days-a-week service."

What emergency problems is *your* firm equipped to handle?

■ **DEPENDABLE BACKUP STOCK.** Sometimes simple availability can lower a prospect's raised eyebrow.

Crucible Steel Co. of America boasts 31 strategically located warehouses, each of which can offer in-stock delivery of approximately 16,000 specialty steel items, ranging from tool steels to stainless sheet and wire.

"Even if the item wanted by a Cleveland customer isn't available for some reason from the Cleveland warehouse," says Branch Manager Don Hall, "it wouldn't take long for the Cleveland people to find out which of our 30 other warehouses stock it—and to rush it to Ohio. This quick availability represents a major bonus for our customers because it means they can reduce inventory, cut costs, free capital and warehouse space."

If *your* company maintains an impressively large inventory, are you making the most of that asset?

■ **PACKAGING.** "Some of our most persuasive presentations center about the way our products are packaged," reports Morton A. Simon, sales manager of Transogram Inc., manufacturers of toys and games.

"We offer, for example, a 'mixed pack' of assorted games that permits a retailer to maintain a representative inventory without tying up a lot of capital. He can get six sets of four different games in one 24-unit carton instead of having to invest in four separate 24-unit cartons in order to have all those games in stock. When pointed out to the retailer, it's a potent selling point."

Until other companies followed the lead, salesmen of General Electric's electronic tubes had a field day highlighting the box in which each tube was packed. While other brands often arrived smashed, GE tubes—isolated from shock and vibration by a snug-fitting hexagonal inner cell—always reached the customer in perfect working order.

Brown-Forman Distillers Corp. successfully sells the simplicity with which its cartons turn into eye-catching counter displays.

Any package feature that will add to your prospect's convenience or profit may make the difference between an order or a turndown.

For instance, does the package keep the product fresher, cleaner, freer from breakage or spoilage? Has it any novel uses after the product is consumed? Is it "stackable," thereby saving shelf or warehouse space? Does its size or weight reduce shipping charges—or make it easier to tote from storeroom to point of sale? Is it eye-stopping? Can the customer see what he's getting? Is there a convincing sales message printed on it?

A "yes" to any of these questions—and you have the kind of "fringe benefit" that can outshout price.

■ **SPECIAL CUSTOMER SERVICE.** The man who remains unmoved by your product story may "come to life" when informed of the unique

personal service you are prepared to offer him. Frequently, this is the only plus you can offer. But what a difference it makes!

Case in point: international air travel, one of the most standardized "products" in existence. Rates are fixed, schedules are equally convenient, menus vary little. How, then, can an airline set itself off from the competition?

"One plus alone gives us our competitive edge," says Peter R. Ossendorf, eastern regional manager of Lufthansa German Airlines. "It's personal service. For example, while the International Air Transport Association, to which we and most of our competitors belong, has spelled out the kinds of food we can offer at various price levels, we are in no way limited in our preparation of it. So that's where we work to excel. Our cuisine is one of our strongest selling points.

"Then there are the special foods we can offer our passengers merely by their making their wishes known in advance—sugar-free dishes for diabetics, kosher food, even low calorie foods for dieters.

"We provide young mothers with bassinets for their infants, schedule flights at certain times of year for people who want to take their pets with them. Recently, we introduced a 'salmagundi' tour that gives the traveler a taste of everything, including a week-long cruise on the Adriatic Sea.

"It's to extras like these that we attribute our healthy growth in a most competitive field."

Personalized service can do more than nose out the competition. It can substantially increase the size of an order.

R. Parker Sullivan, vice president, merchandising, General Telephone & Electronic Corp., explains: "We don't consider ourselves just a telephone company; rather, we're in the communications business. Since no two customers have precisely the same problems, we must necessarily tailor our service to their needs.

"One customer may be plagued by noise; the answer for him would be a sound-booster telephone. Perhaps another must consult books and catalogs while on the phone; that calls for a hands-free speaker instrument. A third may need message-taking equipment; a fourth, special intercom facilities; a fifth, a combination of several devices.

"More than once, a man has called us with nothing more in mind than the installation of an additional extension phone, only to end up with an entirely revamped communications system—and grateful to the sales engineer who took the trouble to study and solve his problems."

What about the "optionals" and extras in *your* product line? Are your salesmen bringing them out as often as they should?

■ **COMPLETE LINE.** If your company offers a full line, feature the plusses inherent in receiving many products from one central source: dependability, fewer salesmen to see, less paperwork, a consolidated bill, perhaps mixed bulk-order discounts. Even banks have found this a potent selling point—"one-stop banking"..."all your financial needs served under a single roof."

■ **GUARANTEES.** "True—our price *is* the same, our product may look like the others, but look at the warranty you get. No charge for *any* replacement parts for a full 12 months." "It's guaranteed—not for 30 days, not for three months, but for two whole years." "If there's any mechanical failure, we'll give you another machine." "Unless you're completely satisfied, we re-

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SPEAK UP!

SPEAK UP!

Even if your competitor can offer the same "fringe benefits" as you—the odds are, he doesn't! Your edge may come simply from taking the trouble to underscore them.

Example: the office machines salesman who, losing out to a rival, asked the customer why.

"Your competitor sends a man here to show our girls how to operate the machines," answered the customer.

"But we do that, too!" the salesman sputtered.

"Why didn't you say so?"

Should you lease company cars?

Which is the best way for you to handle the company car problem? Lease them? Buy them? Let employees provide their own? The choice is tricky because the claims that back up each system are often more confusing than enlightening. Here—in cold facts—are the advantages and disadvantages of each method.

by Frank K. Griesinger, *Assistant Treasurer*
The Lincoln Electric Co., Cleveland

Which of these claims about company cars is true?

It's better to lease company cars.

It's better for a company to buy cars for its personnel.

It's better for employees to own their own cars, collecting reimbursement from the company.

Answer: None of these claims is 100% true. But none is 100% false either.

It all depends on what you want to accomplish. The plan with the lowest out-of-pocket cost to your company may not necessarily be fair to your people.

If cars are part of your company equipment, you'd better consider the advantages and disadvantages of these three company car plans.

Employee ownership of car

There are some clear-cut advantages if your employees own their own cars:

1. You avoid a capital investment.

2. You save administrative time. The employee takes care of insuring, filing accident claims, disposal and other recordkeeping.

3. The employee is free to choose a car he prefers.

4. Your out-of-pocket costs may be lower than with other plans. Since most employees purchase cars anyway, they subsidize the capital cost of the car, and pay a good percentage of the upkeep.

But there are disadvantages to employee ownership. Studies made by experts show that:

1. You cannot fully control such important matters as insurance, car appearance and safety maintenance.

2. Your system of payment to your men is likely to overpay high-mileage drivers and underpay the man who does little traveling.

3. If you hire young people, they may not be able to make the down payment and subsequent monthly payments necessary to acquire a car. This may give your personnel man trouble in his recruiting.

4. If your employees become dissatisfied with the amount of reimbursement, they may pad their expense accounts, or low morale may lessen their effectiveness.

Employee ownership may be less costly in dollars, but these important intangibles should be taken into account.

Consider this realistic statement from an executive in a fleet management concern:

"A flat five-cents-per-mile expense allowance is almost certain to be substantially cheaper than any company ownership or lease plan yet devised. As a general rule, however, salesman-ownership allowances now average better than eight cents a mile. At typical mile-

ABOUT THE AUTHOR

Frank K. Griesinger, assistant treasurer of Lincoln Electric Co., in Cleveland, recently co-authored a book, Sale-Leasebacks and Leasing in Real Estate and Equipment Transactions, *published by McGraw-Hill Book Co. This article is based on research the author completed for the book.*

FACTS ABOUT TRUCK LEASING

No one claims that truck leasing is less expensive than truck ownership. Yet one major leasing firm, Hertz, reported in a recent year that its income from truck rentals was almost double that of car rentals.

What makes truck leasing so attractive? Here are the facts.

1. *The truck lessor furnishes everything but a driver—gas, oil, maintenance, tires, batteries, washes and lubrication. And if the lessor is one of the larger companies, you can secure extra trucks for temporary use in peak periods.*
2. *Lessors provide all upkeep for the trucks in special shops. The user doesn't need to hire and train a special maintenance staff, nor does he need to buy truck maintenance equipment.*
3. *The lessor will design special truck bodies if they are needed. The truck can be painted to the specifications of the user.*
4. *Budgeting for trucking costs is far simpler. A daily rental rate is usually set, plus an amount per mile. Payments are made weekly. The contract period varies, often averages three years. Costs for trucking can be predicted quite accurately.*
5. *The lessor, not the user, arranges for insurance, licensing, special fees and taxes.*
6. *With "contract leasing," trucks can be leased for short periods to do specific jobs.*

Important: *Purchase-option leases are quite apt to cause tax trouble to the user. In truck leasing, because no purchase options are involved, and because rental terms are geared to the normal depreciable life of the truck, the rental expense deductions should have an excellent chance of being allowed by the tax authorities.*

Truck leasing through manufacturers

Many truck manufacturers are anxious to improve distribution of their product. Consequently, they offer attractive arrangements to prospective users. One manufacturer and its non-affiliated leasing company put the following arrangement into effect.

The leasing company bought trucks directly from the manufacturer.

The trucks were delivered directly to the client for a 50-month rental term.

The client also had a one-year renewal option at the end of the original term. The renewal rental rate could not exceed $10 monthly per truck, regardless of original value.

At the end of 50 months, if the client leased another truck from the leasing company, the used truck was sold back to the manufacturer for $50.

The manufacturer then sold the new truck to the leasing company for an amount reflecting the trade-in value of the old truck. That meant the leasing company could reduce substantially its rental rate on the replacement unit—the new truck.

Result: *savings to the user. He obtains the truck without a down payment or deposit. The level payments over the 50-month period assist on cost budgeting. Most major truck manufacturers sponsor similar plans which the prospective truck user can explore.*

ages, the cost of company ownership or a leased fleet operation should be lower than that."

Company ownership of cars

Companies owning their own cars list these specific advantages:

1. They can make sure that cars carry adequate public liability and property damage insurance, protecting company assets from ever-increasing damage awards.

2. Mileage checks can be made easily, permitting closer budget estimates for future business mileage.

3. The car can be painted, identified and maintained in a way that adds prestige to the "corporate image."

4. The car can be maintained for maximum safety, protecting both the company's investment in the driver and its responsibility to the general public.

But company fleet managers cite troubles, too.

Few companies permit the employee to choose his own make and model.

The usual fleet car, chosen for economy, may not appeal to the salesman's wife and family.

Recordkeeping takes time and money. Insurance claims must be filed, and personal property tax records maintained. While most companies trust the accuracy of mileage estimates made covering employees' personal driving, some cross-check should be made.

Automobile fleet management

To provide advantages of company-owned cars, but cut the time and expense devoted to recordkeeping, many firms hire an automotive fleet management company.

Fleet management companies advise their clients on proper timing and procedure for the disposal of used company cars. These firms will also analyze a company's fleet operating costs and make recommendations for ways to reduce costs and increase efficiency.

While their main function is to facilitate recordkeeping, some fleet management companies will handle warranty claims and licensing for their clients' cars. They can also arrange for low-cost group insurance contracts.

Most professional fleet managers have close connections with many different auto dealers. This means they can arrange for car purchases at a small amount over dealer cost. Fleet management firms, usually retained on a fee basis, will recommend steps for auto upkeep and maintenance. The cost of upkeep

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HOW TO RATE an advertising agency

There are a lot of good advertising agencies. One agency may be better for your company than the others. It's probably the one you have now. But here's a checklist that will help you make certain you have the right agency. With this checklist you can evaluate your present advertising agency or any others that may be courting your business.

by Mark B. Byron, President
Mark Byron, Inc.
Westport, Conn.

ABOUT THE AUTHOR

Mark B. Byron is a veteran advertising man. A former vice president of the Wm. Esty Agency in New York and advertising manager for Yardley, Inc., Mark Byron is now president of his own agency in Westport, Conn.

This checklist has been praised for its usefulness by no less an authority than John Orr Young, co-founder of Young & Rubicam. Says Young, "It is by . . . examining vital [agency] functions that I can spot [their] strengths and weaknesses. Mr. Byron's checklist parallels this idea."

Some advertising agencies can do a better job for your company than others.

The question is: which ones?

Many firms will choose—and stay with—an ad agency simply because they like the account executive, or because the agency personnel sound like they know what they are talking about.

But facts, not feelings, tell you whether an advertising agency can do—or is doing—a profitable job for your company.

One agency might be strong in media planning, but weak in market research—ideal, perhaps, for a firm that does its own market research. Not, however, for a firm that considers market analysis an integral part of an agency's service.

It's up to you to decide what areas of an advertising agency are important to you.

On the following pages is a checklist that will help you uncover the facts you should know. You can use it to rate your present agency or as a means of comparing the relative merits of several agencies that may be courting your business.

Reprints of this checklist are available in case you need additional copies.

After each question, check whether the agency you're considering rates excellent, good, fair, or poor.

A FACTUAL ANALYSIS OF ______________ AGENCY

EXCELLENT GOOD FAIR POOR

RESEARCH

1. Market analysis: *How clear a picture can the agency give you of the market?*

Will it define your separate markets clearly so that specific campaigns can be aimed at them?

Or might the agency regard your markets as an indistinct grey mass, and hope to score hits in it with blanket advertising?

2. Consumer research: *How specifically can the agency provide you with facts about your customers?*

Does the agency know how to conduct research that tells you 1) what kind of products your customers need and want and 2) the kind of prices they will pay? Can it provide you with estimated sales potentials?

Or might the agency depend largely on educated guesses, rather than solid research?

3. Copy research: *How effective is the copy the agency writes?*

Does past performance show that the agency studies and compares the advantages of its client's products and their competitors' products? From the comparison, is the agency able to present the claims that are most important to its client's prospects?

Or does the agency try to tell prospects what it thinks should be of interest to them, without testing claims or copy effectiveness in various markets?

4. Information service: *How completely does the agency keep its clients informed of important data and changes in their fields?*

Does the agency check continually the advances and developments in the fields it represents and keep clients up to date on competition activities?

Or does it seem to think generalities and/or guesswork are good substitutes for facts?

MARKETING AND DISTRIBUTION COUNSEL

1. Advice about distribution: *How qualified is the agency to advise you about distribution channels?*

Is the agency familiar with your present distribution? Does it show interest in looking for new opportunities that may be important to you or be worth thorough study?

Or might the agency fail to consider the importance of differences in certain regions and trade fields—a failure that could weaken the efficiency of your total marketing plan?

2. Continued pulse-taking: *How regular is the agency's contact with customers, prospects and distribution channels?*

Does the agency get basic, grass roots knowledge on which to base marketing recommendations through continued contact with client markets?

Or are there traces of an initial effort to gather this information during the "honeymoon" stage of the client relationship, and a marked drop off after the relationship is established?

EXCELLENT GOOD FAIR POOR

CREATIVE ABILITY

1. Copy that sells: *How well does the agency's copy sell its clients' products or services?*

Does the agency make efforts to produce original, hard selling copy that really gets results?

Or does it simply rework copy themes that have been used for years?

2. Ads that get attention: *How imaginative is the agency's combination of copy ideas and art techniques?*

Does the agency creatively integrate copy and artwork for fresh original presentation?

Or is the agency mired in mediocrity, turning out standard, unimpressive material?

3. Initiative and interest: *How aggressive is the agency when it comes to new, ambitious approaches to client problems?*

Do other accounts say that the agency produces ambitious ideas on ways to enlarge markets, market products, improve sales methods, etc.?

Or does it accept its clients' marketing operations and sales methods as they are, content to let them point the way to improvement?

4. Imaginative merchandising: *How well does the agency integrate advertising into its accounts' over-all merchandising programs?*

Does the agency keep salesmen and distributors aware of the advertising support given them?

Or does the record show that it fails to integrate advertising fully into merchandising plans? Will the agency leave you with the responsibility of producing all the promotional material for your salesmen and distributors, regardless of the support your competitors' salesmen are getting from their ad agencies?

MEDIA

1. Application of research: *How would you rate the agency's past record of media planning?*

Does the agency have a record of bold media planning based on the application of consumer and market research?

Or does the agency fall back on "big name" media even though research tells it that its clients' markets are better covered by less well known media?

2. Familiarity with different media: *How qualified is the agency to advertise your company and your products in all media?*

Has the agency had extensive experience in preparing advertising and promotion in newspapers, magazines, TV, radio, direct mail, and outdoor advertising?

Or might the agency be content to learn the advantages and the disadvantages of advertising in various media at your expense?

EXCELLENT GOOD FAIR POOR

PUBLIC RELATIONS

1. Customer opinion: *How well does the agency create the corporate images its clients want?*

Does the agency concentrate on building a desired corporate image in advertising campaigns as well as trying to produce sales?

Or do past campaigns show that the agency fails to realize that future sales depend upon both corporate and product acceptance?

2. Publicity: *How well organized is the agency to handle a thorough public relations job for you?*

Does the agency have experience in the development of plans covering public, employee, and stockholder relations? Has it shown the PR know-how to arrange for feature articles about its clients in leading publications?

Or does it believe that a good public relations job consists of merely mailing out news releases?

RELATIVE SIZE OF AGENCY

1. Large agency: *How well will the large agency devote itself to a small account?*

Will the agency consider an account that may be only 2% (or less) of its total billings equally as important as its larger accounts?

Or does it tend to cut some of its services to smaller accounts, failing to realize that many small companies have excellent growth possibilities and often turn into large, faithful clients?

2. Small agency: *How well does the small agency diversify its clients?*

Does the agency maintain a balance between its clients and give equal service to each one of them?

Or does it tend to be ruled by one or two clients who account for most of its total billings?

3. Large vs. small: *How is the quality of the service of the large agency as opposed to the small agency?*

Will the small agency be able to match the many "extras" the large agency can offer?

Or will the large agency give you less personal service than its smaller counterpart?

AGENCY EXPERIENCE

Types of advertising: *How experienced is the agency in handling different types of advertising?*

Does the agency handle both industrial and consumer advertising? Can it combine the "hard sense" approach of industrial advertising with the imaginative approach used in most consumer ads?

Or does lack of experience, ability, or imagination limit the agency to one field?

AGENCY MANAGEMENT

1. Credit report: *How is the agency's credit rating?*

Does the agency's credit rating show sound financial management—a yardstick of agency ability as well as an essential safeguard for you?

Or does it seem to be hoping for that one big account that could offset poor management?

EXCELLENT GOOD FAIR POOR

2. New business: *How judicious is the agency in the selection of new accounts?*

Does the agency take care to handle only reputable accounts, which will assure you of being in good company?

Or will the agency take any account that isn't nailed down, regardless of whether the new account might be in direct competition with you?

3. Client turnover: *How faithful are the agency's present clients?*

Does the agency now do work for clients that have been with it for some period of time?

Or does it try to shovel apples in the front of the cart as fast as they roll out the back?

4. Agency independence: *How independent is the agency from entangling alliances that can cost you money?*

Does the agency keep itself out of restrictive agreements with printers, engravers or other services to which it jobs out work?

Or will tie-ins between the agency and subsidiary operations keep you from getting the best competitive prices?

5. Service charges: *How clearly will the agency tell you what areas the usual 15% commission covers?*

Does the agency clearly indicate that the 15% commission pertains strictly to creation of advertising or advertising campaigns?

Or does it bill its clients for services that the clients thought were covered by the commission?

(Activities that agencies usually charge extra for: displays, catalogs, research, sales meetings, PR jobs that involve additional staffing.)

ACCOUNT EXECUTIVE

1. Executive ability: *How competent are the account executives?*

Will the account executive be able to understand your problems and interpret them to agency heads? Will he have the ability and tenacity to see projects through when problems arise? Can he work amicably with everyone and still be a leader?

Or will he be, for all purposes, a good-natured errand boy, carrying plans, copy and proofs between two bosses?

2. Agency supervision: *How thoroughly will the agency check on the handling of the account?*

Will the agency take regular steps to make sure that the client gets the continuing benefit of the experience and brains of the agency management, the creative heads and departmental specialists?

Or does the agency tend to leave the client to the individual judgment and viewpoints of the account executive?

How to score this checklist

There is no mathematical way to score the agency analysis you have just made. But if you have answered this questionnaire to the best of your knowledge, you know whether a particular agency is—or can be—a valuable asset to your company.

How to recruit an executive

Given in this article are recruiting methods you can use to fill a gap in your management organization. You will also learn in this article the conditions that may cause a top caliber executive to turn down an invitation to join your company.

by John E. Struggles
Heidrick and Struggles, Inc.
Chicago

If your company is adequately staffed at all executive levels, for both the present and future, don't bother with this article.

But if you face the problem of recruiting an executive (as almost every company does), here are some tested ideas on how to go about it.

It is an axiom that, other things being equal, you are better off to fill executive ranks by promotion from within rather than by recruiting from outside.

But, unfortunately, "other things" are not always equal.

It is not uncommon for top executives and board members to suddenly awaken to the stark, compelling fact that their company is executive deficient. Perhaps a time-tested executive is nearing retirement and the men who are under

him have reached the top of their promotability.

What can you do?

Actions to choose from

■ There are several actions you can choose from. Some are traditional — almost classic. Others are decidedly "iffy," their use depending on the circumstances. Still others are useful in special cases.

But repeated experience proves that all of the following nine actions are worth looking at:

1. Make a management audit. Before any other considerations are reviewed, it is good practice to have a continuing management audit in process. One company which makes such an audit regularly reviews and assesses the abilities and promotabilities, both vertically and horizontally, in each division of the business.

2. Check on company employees currently in non-management positions or jobs. This can be accomplished by personnel questionnaires, followed by management evaluations and, finally, personal interviews. A very large company which began this procedure several years ago was surprised to discover it had a number of potential executives buried in low-level jobs.

3. Check files for resumes submitted during the past year by persons seeking positions of executive status with the company. They undoubtedly are employed elsewhere now, but if they are qualified and still interested, they might be available for interviews on a confidential basis.

4. Ask your banker or other close professional source, such as your public accounting firm, to make suggestions. Their intimate knowledge of your company and its executive organization qualifies them to give recommendations. They should be cautioned, however, not to go "all out" but, rather, to decide on candidates in depth. Selective suggestions, after careful analysis of potential candidates, are best.

5. Make the need known to other key executives. A company needing an especially qualified top level man recently found its man when the president made the need known

Why good men turn down "good" jobs

What are the reasons why top caliber executive recruits may decide not to join a company—or why present executives may seek greener pastures? Here, based on interviews in hundreds of such cases, are the real reasons—often disguised behind more polite excuses:

1. Remuneration too low, with no provision for bonuses and other benefits which make employment at the executive level attractive and give incentive for company loyalty.

2. Ingrown organization. A company now undergoing expansion, or diversification, or both, may still be depending—and wrongly—on the "old guard" and policies which are inadequate under expansion conditions. The kind of executive candidate a company needs will pass such a firm by. Ingrownness is not conservatism.

3. Incompetent family domination. This is akin to nepotism, but different from it in this respect: the family runs the company, regardless of the individual members' abilities for the jobs they hold. No non-family executive wants to face the frustration of incompetence and mistakes perpetually committed by the family.

4. Weaknesses in management. "One-man rule," for example, a holdover from several decades ago when the "strong man" founding a business was its only spokesman and made all high-level decisions, is a deterrent to talent with ambition.

Nepotism is another management weakness. When it is known that the owner's nephews or grandsons are in line for top executive posts eventually, the aggressive executive looks the other way.

He also looks askance at a company whose leadership is known to be domineering, opinionated, and unwilling to accept new ideas.

Further, today's top caliber executive material, the kind which can help fill gaps in a company's ranks, can spot poor organization and resultant poor morale and decide not to buck it.

5. Mature industry. Perhaps a company is successful in terms of its own goals within an industry which generally is obsolescent. What does it offer, therefore, to an executive who wants to "grow?"

6. Too many young executives. Many postwar industries have this problem. The challenge of getting ahead with so much competition from others in the same age bracket is sometimes unattractive to a sound, ambitious candidate.

7. Control by outsiders, such as out-of-state interests. The absentee owner organization causes rising executives to feel deprived of the opportunity to have their abilities and successes recognized to their own advantage. They think twice before joining such a company.

8. Internal fight for control. Consultants, analyzing a company to determine its executive needs, can observe objectively and readily note a power struggle. A company so badly organized that these jungle tactics prevail needs to reform before capable executive material can be brought in from the outside.

9. Poor public relations. A company which had been in the news with a proxy fight was found to be unattractive to executive candidates. The issues had to be resolved satisfactorily, reflecting corporation strength, before top grade men were willing to join the firm.

10. Outmoded product. Especially at the sales level, executives will decline employment offers of a company producing a product with a low sales potential. Other types of executives likewise might decline, on the premise that an obsolete product does nothing to improve the profit picture.

to others in his own management group. One of the executives was personally acquainted with the man they needed and induced him to join the company.

6. At this stage in the executive search, a company can query its entire executive group for suggestions. If you do so, however, you run the danger of getting recommendations that lack objectivity and that are emotionally motivated.

7. Check your business associates for recommendations. This must be done cautiously. Divulgence of competitive information is one of the risks, as is word-of-mouth distortion of the company's true needs and status.

8. Ask your trade association for help. With its knowledge of your over-all industry and of individual member companies, its recommendations can be trusted.

9. If the position is of sufficient level, take the problem to a consulting firm specializing in executive recruitment. The values of this approach are the consultant's objectivity; his acquaintanceship with many competent executives; his skill in pinpointing advertising to draw new executive candidates; and his freedom, being unconnected with or uninvolved in the company in any way, to make direct inquiries. A consulting executive search firm can go places in a search project that your company may not be able to go. Further, the executive recruitment specialist can see flaws in a company's organization of which the management itself may be unconscious – flaws which are standing in the way of improving executive ranks (*see the box on page 45*).

A case in point

■ One advantage an executive recruitment specialist has is his third-party status. Here's an actual case in point, illustrating a problem commonly found in successful, medium-sized companies.

A well-qualified sales executive was being sought to succeed a vice president in charge of sales at an early date. The sales vice president, who was already overage and dangerously close to inactivity, had once been remarkably successful as

a "one-man operator." He had been unable to delegate or train anyone, simply because he insisted upon doing everything himself. He had, however, been the actively energetic type, who had done these things quite well, with the result that the company had prospered. He resisted the company's efforts to get him to train a successor, even though offering this resistance somewhat unconsciously.

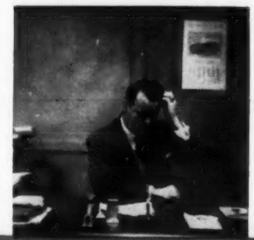
An executive recruiting firm was finally called in and uncovered the facts outlined above as part of its analysis of the problem. The firm brought the matter frankly and openly to the attention of both the president and the executive to be replaced. With clear and open understanding on all sides, the search for a replacement was launched. The recruiting firm found a well-qualified man who could come in, under the somewhat difficult circumstances, and prepare tactfully to take over the top sales position.

The search was handled so that the man chosen had qualifications that could win the support of the retiring vice president. A number of candidates qualified by experience were not qualified by temperament to come into this kind of a situation without creating a conflict and disturbance to the sales organization.

The problem of maintaining an executive team may become considerably more acute for you before it gets easier. A quick management audit may show you that the time to start recruiting for your future needs is now. ■

ABOUT THE AUTHOR

John E. Struggles is co-founder of Heidrick and Struggles, an executive search firm that has served leading companies, as well as small firms, since 1954. Mr. Struggles attended Miami University. His experience includes a position as vice president of personnel for Montgomery Ward and Co. Before forming his own firm, he served briefly as a consultant to the U. S. Department of Commerce.



Thought starters

OFFICE METHODS

Dial 400 uses for office copying machines

A graphic, easy-to-use guide has been devised to indicate all the many applications where copying machines can save time and money.

It is called the Select-O-Master office systems guide by Cormac Photocopy Corp. Specific uses are simply dialed on a slotted wheel.

One side lists specific applications in 18 different industries. The other side shows copying needs of departments in any business. Also indicated on the guide are numbers of detailed application folders that may be requisitioned from Cormac.

For your free rotary slide rule, circle number 255 on the Reader Service Card.

NEW PRODUCTS

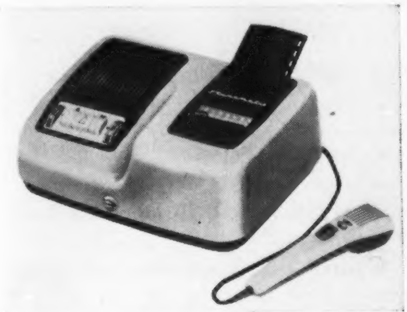
New dictating unit features envelope-size sound sheet

Stenomatic is a compact magnetic dictating machine just introduced by DeJur-Amsco Corp.

The new unit has an automatic injection and ejection system for ease in changing the magnetic sound sheets. Each allows six minutes of dictation. An automatic warning signals 15 seconds before end of the sheet.

These envelope-size sheets are easily mailed in a No. 9 envelope and can be erased and used indefinitely. Sound is not distorted, DeJur states, even if the sheet is folded or crumpled.

A completely self-contained unit, the Stenomatic serves for both dictation and transcription. The machine has a built-in speaker in addition to the hand microphone.



Second sound sheet can be inserted while first is being ejected from unit.

It weighs 14 pounds and measures 11¾ by 7⅛ inches. The unit costs $279.50.

For more details on this new dictating machine, circle number 254 on the Reader Service Card.

Low cost electric typewriter has standard keyboard

$179.50 is the price of a new lightweight electric typewriter introduced by Smith-Corona Marchant, Inc. This compares with a price of $420 and up for the company's deluxe models.

The new machine weighs only 19 pounds, making it easy to move from desk to desk.

New electric typewriter is one-half weight and price of deluxe models.

Named the Electra 12, it has a full-size, 88-character keyboard and practically all other standard features. It will accept paper up to 12⅛ inches wide and type an 11-inch writing line.

The machine is available with either pica or elite type. Standard

finishes offer a choice of three colors—gray, blue or green.

For more details on this low cost electric typewriter, circle number 253 on the Reader Service Card.

Portable lectern has built-in sound system

A new portable, all-transistor lectern complete with public address unit, is housed in a case about the size of a suitcase.

The Lectronic Lectern, designed by Radio Corp. of America, is quickly set up by opening the case, removing the microphone and plugging in the cord. One side of the case is raised to form the lectern top. There's no need for running microphone or speaker wires since all the electronic equipment needed is in the case.

An output connection allows tape recording of a speech.

The miniature RCA microphone can be worn around the neck or mounted on a flexible gooseneck.

The complete unit weighs 35 pounds and measures 18 by 20 by 8 inches. If AC current is not available, the lectern can be powered for about 50 hours by four six-volt batteries also contained in the case.

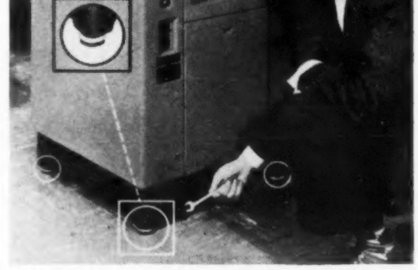
For more details on this new portable, transistorized lectern, circle 252 on the Reader Service Card.

New office machine mounting absorbs vibration noise

A leveling type mount for office machines, computers and other equipment has been developed by the Felters Co.

Called the Unisorb Level-Rite, the device absorbs up to 85% of the transmitted vibration, the maker states. It also reduces noise level and holds machines securely.

The Level-Rite features a vibra-



Leveling mount reduces equipment vibration noise and stops creeping.

tion control pad in an all-steel housing which supports a free-floating post.

The mounting will support up to 200 pounds per unit. The free-floating design compensates for uneven or pitched floors. The machines are easily set in the mounting, levelled and secured by a locking nut.

For more details, circle number 251 on the Reader Service Card.

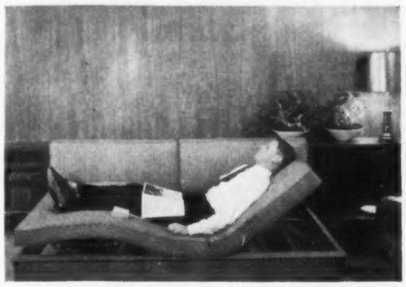
New contour sofa is electrically operated

Relaxation is assured with a new adjustable contour sofa-lounge.

Scientifically designed by W. B. Ford Design Associates, the unit looks like a comfortable office sofa. When extended, it becomes a contour lounge. A four-way push button

switch allows the user to elevate his knees and incline his back automatically.

In this position, the busy executive can rid himself of body tension



Contour couch can be automatically positioned to reduce body tension.

to return to his responsibilities refreshed.

Manufactured by Detroit Harvester Co., the unit is called Select-A-Rest lounge.

For further details on this sofa, circle number 250 on the Reader Service Card.

Machine dispenses cups of freshly brewed coffee

"Brew-A-Cup" is an automatic unit that brews and serves individual cups of coffee made from regular ground coffee.

Rudd-Melikan, Inc. states previous vendors have been limited to dispensing coffee made from concentrates, or batches of coffee.

It takes only six seconds for the new machine to brew and serve each cup of fresh coffee. It has a capacity for 900 cups and can also be used to dispense tea, soup or hot chocolate.

The unit is coin-activated and

Flavor and aroma is retained in new "Brew-A-Cup" coffee vendor.

beverage selection is simply dialed. Push buttons supply extra cream and sugar.

For more details on "Brew-A-Cup", circle number 249 on the Reader Service Card.

TRAINING

New film reviews secretarial techniques

Free screening of a new full-color film "Duties of a Secretary" is offered by Underwood Corp.

Using a dream sequence technique, the 22-minute sound filmstrip dramatizes the right and wrong way to perform secretarial duties.

It shows how to organize work, exercise initiative, get along with others and make a job more enjoyable. This interesting and informative 140-frame filmstrip comes with a 12-inch long playing record.

To arrange for a viewing of this film, contact your local Underwood representative, or circle number 248 on the Reader Service Card.

Massachusetts Mutual speeds paperwork duplicating, saves thousands of dollars yearly with XeroX® copying equipment

REPRODUCING • bulletins • reports • manual changes • statements • memos address changes • many others

Three years ago Massachusetts Mutual Life Insurance Company, one of the 10 largest life insurance companies in the United States, installed XeroX copying equipment to speed its paperwork duplicating.

Since then, the company has made substantial savings in the xerographic preparation of offset paper masters from which multiple copies of bulletins, statements, reports, memos, and many other items are run off on an offset duplicator.

The ultimate purchase price of the XeroX equipment (reduced through applied rentals) has been completely written off, and the cost of acquisition has been more than recovered from savings made.

Equally gratifying are the time savings. Conventional reproduction methods used formerly required 45 minutes per negative. Now, xerography, wherever used, prepares a completely dry master in four minutes.

Xerography can help *you*, too. Write for proof-of-performance folders showing how companies of all kinds and sizes are speeding paperwork and saving thousands of dollars yearly by xerography. HALOID XEROX INC., 59-194X Haloid St., Rochester 3, N. Y. Branch offices in principal U. S. and Canadian cities. Overseas: Rank Xerox Ltd., London.

HALOID XEROX®

(Circle number 122 for more information)

What you should know about office salaries

Inflation's impact on clerical payrolls is evident in the findings just released on a major study of office salary rates. The study also covered company practices on the clerical workweek, overtime pay, holidays and unionization. Here is a quick look at the key facts.

Office workers are being paid significantly more money this year than last.

If you look at the figures for the country as a whole, you find that the "average" clerical worker earned $64 a week last year and earns $70 now.

But national averages can be misleading. Here is why:

- Office salary rates vary from region to region.
- Clerical rates are influenced by working conditions, fringe benefits and other factors that vary from company to company.
- Although clerical workers readily shift from company to company in a given location to get higher pay, they seldom if ever move to a new location because of higher rates there. Thus your clerical labor supply is strictly a local affair. You compete for good clerical people with only those companies in your own area.

It is because of these facts that the National Office Management Association reports its annual office salary survey on a city-by-city and region-by-region basis, rather than merely with over-all averages.

The latest NOMA salary study is based on information supplied by 7,590 companies in 128 U.S. and Canadian cities. These companies reported salary figures on a total of more than a half-million clerical employees in 23 specific job categories. The job categories range from junior typist to private secretary.

Together with local salary rates, the NOMA survey produced figures showing trends on the clerical workweek, overtime pay, holidays, unionization, vacation practices, and the ratio of clerical employees to total company employees.*

Regional salary differences

Figure 1 gives average salary figures for six representative clerical jobs in the five regions of the country, as well as for the U.S. as a whole. The black numbers in the chart are taken from NOMA's latest salary study and show the average dollar amounts being paid currently. The numbers in color are taken from an earlier NOMA study and show the average rates reported for these same jobs in 1957.

The significance of *Figure 1* is that the same clerical job commands different salaries in different regions, but regardless of these differences there has been a general rise in clerical wage rates since the 1957 study was made.

12-year trends

NOMA has made clerical salary studies regularly for many years. There are 11 cities that have been represented in every one of these studies during the past 12 years. Furthermore, there are six specific clerical jobs that have been covered in every one of the salary studies made during the past 12 years.

The 11 cities are Atlanta, Boston, Calgary (Ont.), Des Moines, Detroit, Grand Rapids, Milwaukee, New York, Philadelphia, Seattle, and Stamford (Conn.).

Average salaries for six office jobs

	Bookkeeping machine operator	Payroll clerk	Tabulating machine operator	Duplicating machine operator	Secretary	Typist
TOTAL U.S.						
1959	$60	$76	$86	$64	$89	$66
1957	57	71	75	61	83	60
EASTERN U.S.						
1959	59	72	83	62	89	63
1957	56	67	70	58	82	59
EASTERN CENTRAL U.S.						
1959	62	78	90	66	92	73
1957	58	71	77	62	84	64
WEST CENTRAL U.S.						
1959	60	74	86	59	86	62
1957	58	70	75	58	81	58
SOUTHERN U.S.						
1959	56	76	82	64	85	63
1957	54	73	73	59	81	58
WESTERN U.S.						
1959	62	80	91	70	92	71
1957	60	76	84	66	86	65

Figure 1

**A 38-page written and statistical report of the survey findings is available to non-members of NOMA for $30. Address Technical Division, National Office Management Association, Willow Grove, Pa. Ask for "Office Salaries—1959."*

Rising Trend in Office Salaries

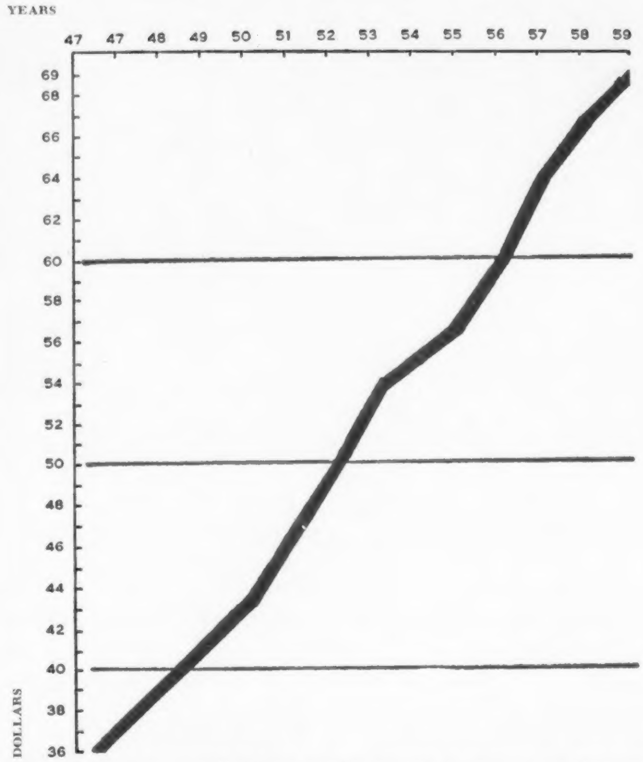


Figure 2. The trend shown in this graph is based on figures supplied by companies in 11 cities covering the salaries they pay for six representative office jobs. The 11 cities are Atlanta, Boston, Calgary (Ont.), Des Moines, Detroit, Grand Rapids, Milwaukee, New York, Philadelphia, Seattle and Stamford (Conn.). The six jobs covered in this analysis are secretary, junior and senior typist, telephone operator, and junior and senior stenographer.

The six jobs are secretary, junior and senior typist, telephone operator, junior and senior stenographer.

Because the figures are complete since 1947, these six jobs in the 11 cities serve as an excellent base for plotting salary trends.

Figure 2 is based on the average weekly salary for these six jobs in the 11 cities. The graph shows that in January 1947 the average salary was $36. By March of this year, the figure had risen to $69, a gain of 92%.

Note that the increases were regular and accelerating until 1954—$2 per year until 1950, $3 per year in 1951 and 1952, then a $4 increase in 1953.

The trend broke in 1954 when the increase over the previous year was only $1. At this point there was some hope that clerical salaries might begin to level off. However, the accelerated gains took over again with a $2 average increase in 1955, $3 in 1956, $4 in 1957, then slowing to a $3 increase in 1958, and $2 in 1959. (For the country as a whole, however, the figures show a $6 increase this year, as pointed out in the opening of this article.)

Of the 11 cities covered in this analysis, New York shows the smallest percentage of salary increases over the past 12 years. Even so, the figures show that, for the six jobs studied, the average salary increase since 1947 has been 82%.

The city with the biggest gain in salary rates is Calgary, Ont., where clerical salaries are indicated to

be 124% higher now than 12 years ago. Here is the percentage of gain shown for each of the 11 cities covered in the trend analysis:

Calgary	124%
Milwaukee	106%
Detroit	105%
Philadelphia	91%
Stamford, Conn.	89%
Grand Rapids	88%
Boston	86%
Seattle	86%
Atlanta	84%
Des Moines	84%
New York	82%

Among individual types of clerical workers, top level private secretaries seem to have prospered most highly during the 12-year period of clerical salary inflation. In the 11 cities studied, the salaries of private secretaries have doubled since 1947.

Workweek for clerical workers

When asked the length of their workweek for clerical employees, the thousands of companies reporting in the NOMA salary study answered as follows:

40-hour workweek	68%
37½-hour workweek	12%
35-hour workweek	5%
More than 40-hour workweek	4%
No answer	11%

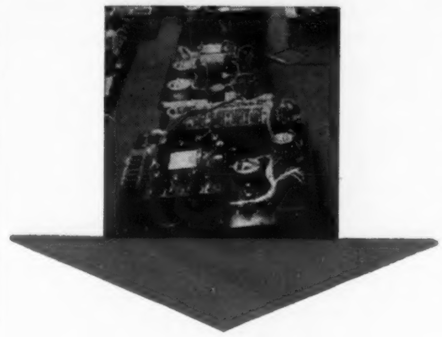
Comment: Companies in the eastern part of the U.S. lean more toward the shorter workweek than do companies in other sections. However, the less-than-40-hours has really caught hold in Canada; four out of five firms there work fewer than 40 hours.

Overtime for clerical workers

Here is how the tabulations came out regarding overtime payments for office personnel:

Overtime paid daily after eight hours or other standard workday	53%
Overtime paid weekly after 40 hours or other standard workweek	39%
No overtime paid	8%

Comment: Overtime for clerical workers seems to be an invention of the U.S. For example, in Canada, the majority of business firms (57%) still make no overtime payments at all to office personnel. ■



Business electronics

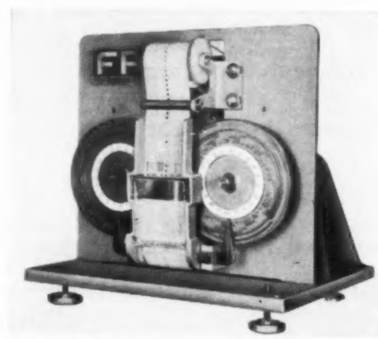
New analog-to-digital unit performs several tasks

A new shaft-input analog-to-digital recorder has been designed by Fischer & Porter Co.

It records analog values on binary-decimal punched tape which can be read directly or translated automatically into cards or tape for computer processing.

Besides producing a digital punched tape record, the new unit simultaneously supplies digital data in the form of electrical contacts for telemetering.

Input torque needs are so low that the measured variable itself can be used to drive the shaft.



ADR unit will operate for one year on single battery.

When torque is insufficient or the signal is in electrical form, the ADR can be used with a servo system to record flow, pressure, temperature and other analog values. Used with a solenoid and ratchet wheel, it records pulses for counting jobs.

This analog-to-digital recorder can be operated from commercial power supplies or by battery. A single six-volt dry cell

battery will power the recorder on 15-minute reader interval for an entire year.

For complete details circle number 267 on the Reader Service Card.

Electronic searcher scans year's science data in hrs.

A three-year experimental project completed at Western Reserve University, Cleveland, has proved the feasibility of searching scientific literature by machine.

Because of the success of the present electronic scanner which searches 30 abstracts per hour, the science searching program is being vastly expanded.

A new, speedier searching selector is now on order. This electronic machine, developed by General Electric Co., will be able to search 100,000 abstracts an hour. As it scans vast amounts of technical data, it comes up with answers to specific inquiries.

With its installation, WRU hopes to establish a world scientific document center. As a concrete indication of the machine's tremendous output, it will be able to search one year's output of the world's metallurgical literature in just six minutes. It will be able to scan a year's chemical literature in one hour.

With the current slow machine, WRU is keeping 10 companies up-to-date on science advances in their fields. Capacity for future processing of technical data at Western Reserve University will spearhead a drive to put the U. S. well ahead of Russia's huge Institute of Information, according to James W. Perry, director of the Center for Documentation and Communication Research.

New microfilm printer saves time and space

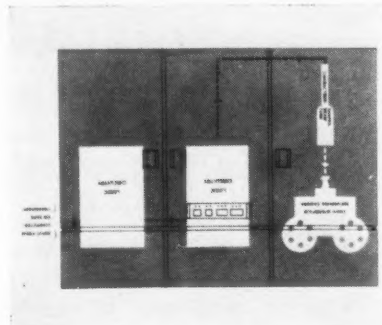
Compact equipment that can record computer output data on microfilm at the rate of 15,000 characters or graph points per second has been developed by Stromberg-Carlson.

Named the S-C 4020, appli-

cations for the new printer include computer monitoring, design engineering, tabular printing and graph plotting.

Capable of plotting graph points, drawing axes, projecting grid backgrounds and printing vectors, the unit eliminates the need for clerks to read volumes of output data in order to plot graphs by hand.

In microfilming tabular data,



High speed unit microfilms 15,000 characters or graph points a minute.

use of this printer results in substantial savings in time, paper, forms inventory and storage space, Stromberg-Carlson states.

For design engineering, the unit can graphically display mathematical formulae on microfilm in the form of drawings, superimposed significant dimensions on the design.

For monitoring test computer programs, the S-CC 4020 provides continuous observation of the computation being made. Thus, the operator can intervene manually at the moment the program proves inadequate.

The equipment is compatible with various data processors and is designed for either online or off-line operation.

For complete details on this high-speed microfilm printer, circle number 266 on the Reader Service Card.

Data processor now made with single tape channel

International Business Machines has introduced a one-channel version of its completely transistorized 7070 data processing system.

The model has a single channel with six magnetic tape units. For computer users not requiring two channels, this means a saving of

$850 on the rental of the 7604 tape control unit.

The new system performs the same functions as the standard two-channel equipment such as read-write-compute operations. There are no changes in the internal logic, console design or in peripheral units.

For more technical details on this IBM data processor, circle number 265 on the Reader Service Card.

New magnetic to paper tube converter announced

Talk between a computer and remote teletype stations is now possible with a new off-line converter by Digitronics Corp.

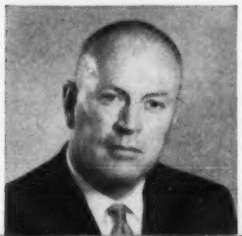
Named the Dykor D101, the unit translates magnetic tape data produced by a computer directly to standard teletype tape code. The steps of tape to cards and back to tape are eliminated.

No special programming of the computer is needed to permit control of remote teletype printers. The conversion operation is manually started but proceeds automatically to the end of input tape data. Paper tape output is perforated at up to 240 characters per second in standard teletype five-level code.

Magnetic to Teletype tape converter output is 240 characters per second.

The plugboard of the D101 can be readily modified to meet the needs of the user.

For details on this magnetic to paper tape converter, circle number 264 on the Reader Service Card.



WHERE HE WORKS

President's suite
away from headquarters

THE MAN

D. P. Boothe, Jr.
President

THE COMPANY

Boothe Leasing Corp.

INTERIOR DESIGNER

Stephen Gasperecz, A.I.D.

West Coast President D. P. Boothe, Jr. feels at home when he visits the dual purpose suite in the Eastern Division of the Boothe Leasing Corp.

Primarily a sales office, the Fifth Avenue, New York, suite serves double duty as a meeting place for board members and visiting officials, as well as Boothe clients.

Sleekly modern and subdued yet warm in tone, the offices provide an unobtrusive background for work or discussion.

Nine executives can join President Boothe at the conference table. The lounge area is a comfortable spot for informal meetings.

A warm welcome in reception room is suggested by cheerful orange chairs. Black and white photographs of Boothe equipment line walls.

L-shaped desk in private office gives maximum work area in minimum space. Monotone colors used throughout are relieved by green upholstered chairs.

Neutral tones of background emphasize dark teak and black leather furniture. Original oil paintings were selected by President Boothe for conference room.

Beige of walls, drapes and carpets lends subdued air to conference lounge area. Pale orange of upholstery adds note of warmth.

Photographs by Henry S. Fullerton

Should you lease cars?

(Continued from page 40)

and maintenance is paid for by the client. Rarely does the fleet manager's fee cover these costs.

Leased cars for company use

Leasing cars means borrowed capital is substituted for company working capital—helpful to the cash-hungry firm.

Many companies find that automotive leasing gives them more flexibility. Here's why:

- High-mileage cars may be retired more frequently than those driven short distances.
- Rental rates can be adjusted to match the salvage or market value of the car at the anticipated retirement date.
- The lessor may provide expert assistance on car disposal procedure.
- If the lease is of the "full maintenance" type, the lessor may take full responsibility for loss or profit on disposal of the used car—meaning no risk to the client.
- Company-owned cars cannot be depreciated on one of the fast new depreciation methods unless they are held three years or more. The Internal Revenue Service says that cars cannot be depreciated below their salvage or used-car values. Further, tax experts say it now seems doubtful that companies can claim capital gains on profits from the sale of used company cars.

These factors have encouraged many firms to examine fleet-leasing plans, particularly if it means that other credit resources can be saved for short-term borrowing to cover peak manufacturing needs.

Specific leasing plans

If you decide that leasing company cars will work best for you, there are three plans you should consider.

Flat-rate leasing. While contracts vary, most users pay a monthly lease charge which includes everything except gas and oil.

The rate is set to cover the leasing company's risk on replacements, repairs and routine maintenance, plus an adequate allowance for depreciation to cover unexpected fluctuations in the used-car market.

This plan may be more expensive

than individual ownership, company ownership or finance leasing. But experience shows it works well for individuals with unlimited expense accounts, or for small corporations unable to qualify for finance leasing service on a large fleet of cars.

The mechanics of flat rate leasing are similar to the daily auto rental plan familiar to many executive travelers.

Finance leasing. Under this plan, the leasing company orders the make of car that the client prefers.

Title to the cars is held by an institutional lender, such as an insurance company. The leasing company pays for the cars with the money it gets from the institutional lender.

A rental rate is set for the user which reflects the interest the leasing firm has to pay on its loan, plus the leasing company's profit and administrative expense. If fleet management advice is furnished by the leasing company, a small percentage of the fee is added for this service.

In finance leasing procedures, the user must take all risks of obsolescence. He pays additional rent to the leasing company for any shortage between the estimated depreciation provision and the actual amount calculated on, and paid for the used car at the time of disposal.

Contracts may also provide that the user will keep any disposal profits realized, or that the user will share those profits with the leasing company.

The user must insure the cars, naming the leasing company in the policy.

Major automobile leasing companies quote their lowest finance leasing rates only on fleets of 100 cars or more. Since a transaction like this involves a considerable sum of money, it is attractive to insurance companies or other firms large enough to be institutional investors.

Finance leasing costs, in this instance, are comparable to direct borrowing by the user, without the disadvantage of using up established credit lines to finance a company-owned fleet.

A word of caution: no study of leasing vs. purchasing should be

Give a girl the comfort of a Goodform chair...
and watch her work output rise!

"Businessmen are beginning to realize," says Dr. Bertrand Klass, Vice President and Senior Psychologist of Forbes Marketing Research Inc., "how important working comfort can be to girls in an office. Take a chair, for example. Give them a chair that's adjusted to their own size and build and you'll find they're better rested and generally more efficient. Employees will also be likely to appreciate management's interest in their comfort. Good employee relations generally mean higher productivity and profit."

To boost productivity in your offices as much as 25%, call on GF—America's largest maker of metal business furniture. Only GF offers complete planning, design and decorator services that take into consideration, not just space utilization and work-flow, but the many *human* factors that make for efficiency.

An informative booklet, "Plan to Profit From Your Office Investment", is yours for the asking. Just call your GF branch or dealer, or write The General Fireproofing Company, Dept. D-16, Youngstown 1, Ohio.

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completed without a thorough analysis of both cash flow and cost of alternative plans offered.

Company-sponsored leasing for individuals. Many concerns wish to avoid becoming involved in company ownership of cars.

Similarly, company policy may prohibit using leased equipment.

The question is: can a company help its employees acquire, insure, and dispose of cars—without having to lease or buy cars itself?

To help answer this problem a major fleet managing and leasing company developed this plan:

The fleet management firm supplies your employees with dealer cost figures on popular cars. This permits the employee to shop for his car with a minimum time expenditure for bargaining.

The leasing company pays the dealer for the employee's car. Your firm pays the leasing company monthly, and deducts a set amount from the employees' pay to reimburse itself.

Under this plan, employees usually find that their financing charges are lower than finance company or bank automotive financing rates.

In addition, longer lease terms may be arranged, reducing the size of the employee's monthly payment. For instance, a 50-month lease contract is possible.

Also, the employer can purchase group insurance, passing those sav- along to the employees.

With this leasing method, as with other types, professional lessors recommend that 2% of the gross lease be set aside monthly to provide for depreciation. With normal markets and normal timing of disposals, the amount set aside will be close to the used-car value.

The employee takes responsibility for paying any difference between the estimated depreciation and the actual depreciation. If there is a profit on disposal, he keeps it.

Employees usually choose to find their own buyers for the used car. Professional lessors usually wholesale the used cars, which results in less income for the employee.

The employer must absorb administrative expenses and be responsible for the employee's credit.

Experience shows this method provides definite advantages for both employee and employer. ■

How to manage research and development
(Continued from page 35)

ing. One of the more common internal organization patterns for R&D is on a project basis. If the project cycle is short, the internal organization of R&D is thrown into frequent turmoil with resulting ineffectiveness of research management and productivity yield. Stability is thus a much needed characteristic of the internal structure of R&D if a company is to achieve good management of the activity.

HOW TO CONTROL R&D

One of the more perplexing facets of R&D administration is proper control of the activity. In

Relationship of new products department and R&D

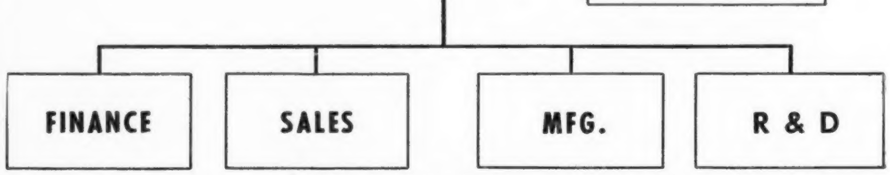

Chart by Management Research Department, Booz, Allen & Hamilton

Figure 2. Research and development is distinct from the new products function. In many companies R&D is assuming the relationship of a line department. It plays an important role in the new products function but is not that function. The new products function demands cooperation between all major functions.

Organization to meet research objectives

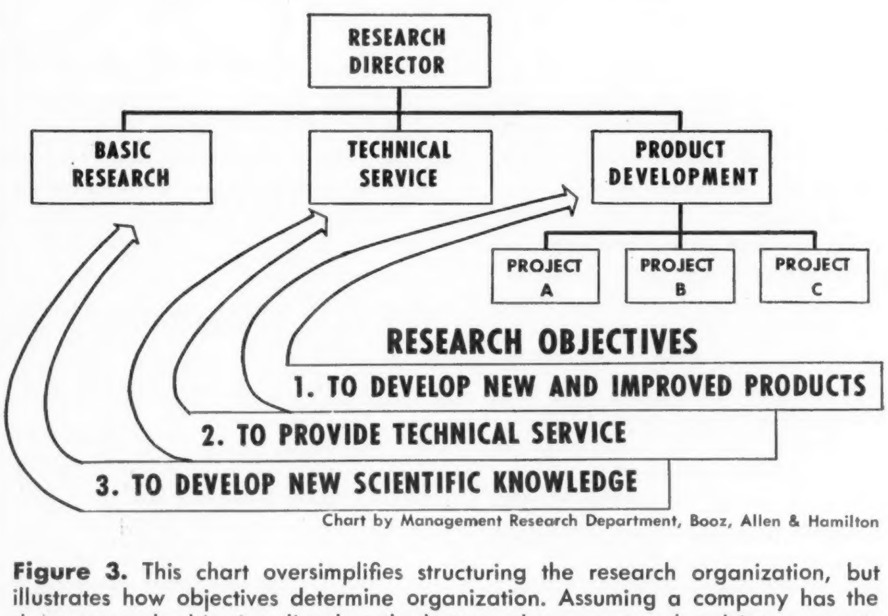

Chart by Management Research Department, Booz, Allen & Hamilton

Figure 3. This chart oversimplifies structuring the research organization, but illustrates how objectives determine organization. Assuming a company has the three research objectives listed at the bottom, these are translated into separate internal units for better control and supervision.

many companies, the executive seeks to control an activity which he does not understand as well as he does other company functions. This, plus the growth and expense of the research activity, brings many frustrating moments. Following are suggestions for better accomplishing this critical task.

1. Enlist R&D participation to determine types, feasibility, and limits of control.

More so than for other areas, control in R&D is a matter of attitude. If R&D is called upon to help determine what types of control can be placed on research, what control limits and tolerances are involved, then there is a much stronger tendency to adhere to the controls instituted. Moreover, the controls are likely to be more logical than if imposed by a management generally unfamiliar with R&D.

2. Break R&D down into control units compatible with the internal organization.

It is difficult, if not impossible, because of its complex and diffused nature, to control the whole of R&D as an unsegmented function. It is well known that if you wish to control a complex function, you break it down into controllable units. This is recommended for R&D. If R&D is internally organized around projects, then the project is the logical control unit. If technical service and basic research are separate units within R&D, then they also can be used for control purposes. The clue to better control of R&D is to attach the controls to the internal units within the activity rather than attempting to control the whole of research.

3. Impose both business and technical controls.

The tendency has been to hold R&D responsible for only technical accomplishment. The expectation for business accomplishment—that is, the execution of a research task within time, money, and manpower limits—has been neglected. The latter requires strong if not equal emphasis with the technical.

4. Impose controls in greater numbers and depth as projects emerge.

As a basic concept, this is quite significant (*see Figure 4*). When

Degrees of control by types of research

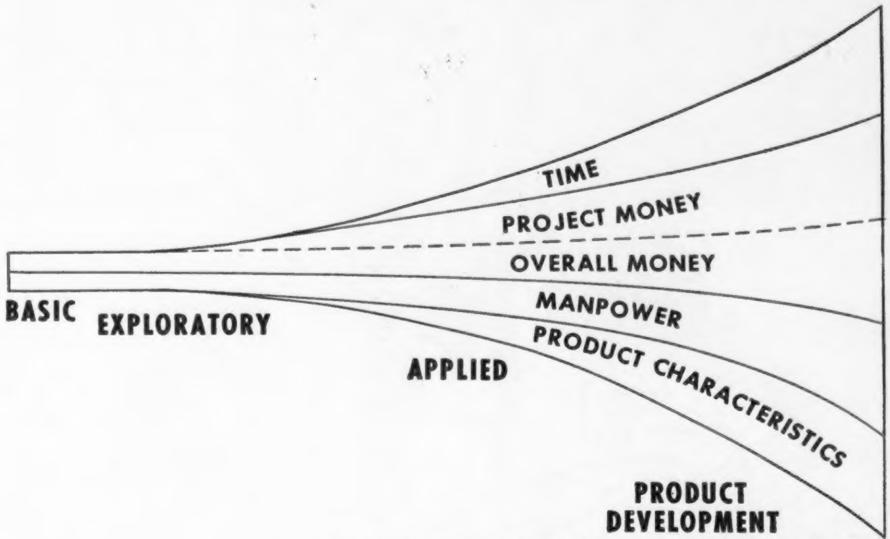

Chart by Management Research Department, Booz, Allen & Hamilton

Figure 4. More controls should be imposed as projects emerge during research. In basic research you can control over-all money or the manpower. More controls in greater depth can be applied as projects move from basic research to exploratory, applied and product development.

thinking of basic research, you can control the money going into the function or the manpower being expended for the activity. The nature of the basic research task practically defies using other control measures. Conversely, as projects emerge in exploratory research and product development, more controls in greater depth can be applied. For example, a time limit can be imposed on each project; a money limit both on projects as well as on the total research activity or a major segment; a manpower limit on each project or on the total R&D effort; and a product characteristics limit (which defines the qualities R&D needs to put into the project to make it sell or meet the desired end needs). The important concept is that in the area where most research is conducted more controls to greater depth can be employed. This can be useful as a guiding control principle.

5. Utilize the "recycle" concept for revision of control limits.

Control limits are imposed for the guidance of the R&D as well as making it possible to coordinate the reseach work with other company functions that need to be meshed with it. It appears logical, therefore, that research should not transgress these imposed control limits on its own authority. But, rather, if transgression appears imminent, then research needs to obtain a total company review and revision of the limits. If this is not possible, the project may be killed where it stands. This kind of approach is the only way to guarantee pertinent integration of research with other company functions.

HOW TO EVALUATE R&D

Evaluation of R&D is one of the more frustrating tasks facing the executive. As nearly as can be determined, no major company is fully satisfied with its efforts in this area. Many of the same principles recommended for control apply here also.

1. Break R&D into feasible evaluation units.

As in the case of control, trying to evaluate the whole of the research function is quite difficult.

The whole needs to be broken down into units which can better be appraised.

2. Judge feasible evaluation units in terms of internal organization of R&D and the units used for control purposes.

The key point here is that if the internal organization of R&D has been derived from research objectives, then the internal organizational units are probably the best units for both control and evaluation purposes. The concept of proper integration of organization, control, and evaluation is the accent.

3. Utilize both business and technical evaluation.

R&D is or should be as much a business operation as any other part of the enterprise. Hence, an evaluation plan should embrace both business and technical standards. Otherwise, the company cannot adequately judge both the business and technical worth of the activity. In many ways, the two are inseparable but the area of business evaluation has been neglected.

4. Use continuing rather than periodic evaluation.

Two points require emphasis here. First, R&D cost is heavy and the correct phasing of research with other company functions highly important. This means that if the periods of evaluation are far separated, both costs and timing may get out of hand. The second point is that the evaluation is carried out by each of the key concerned areas of the company. Thus, as research carries forward, development, marketing (or sales) must continually determine if the proper characteristics and performance are being built into the product to make it have market appeal; manufacturing, whether the characteristics and the materials of the embryo product will permit mass production; engineering, what are the demands for tooling and when will tools be needed; finance, whether the company can adequately carry capital requirements, and so on. Each of the key company functions makes the evalua-

tion from its point of view. Any time the project fails to meet a major dimension of these areas, it dies or is revised to make it conform to necessary requirements.

5. Employ "bench mark" evaluation to measure project progress.

Wise companies do not wait for project completion before evaluation. Increasing emphasis is being given to intra-project evaluation. Here the standards are not that when a third of the project monies have been spent, the project should be a third finished. But rather each project is assessed for definite physical accomplishment points or bench marks. These are correlated with money expenditures. Thus, when "X" dollars are spent, the blueprints should be in hand, when "Y" dollars are spent the specifications should be ready, when "Z" dollars are spent, materials should be selected and tested, and so on. The more physical bench marks of accomplishment that can be identified and used for evaluation, the better project evaluation will tend to be.

6. Use evaluation findings for feedback improvement of R&D.

This is an accepted management approach used as a matter of course for other company areas and functions. It can be applied equally as well to research.

These then are the six areas where the greatest promise of payout exists. These are the areas where the recommended approaches have been successfully tried in prominent companies. They will each tend to improve the effectiveness of R&D measured in the most pleasurable terms—the enhancement of company profits.

CONCLUSION

The last few years not only have seen a rapid increase in research units and expenditures but also significant improvement in the management of an unfamiliar function. Not long ago, the rather strong management attitude towards research was that "it is best managed when least managed." Now the realization prevails that what research requires is more, not less, management—that research must be coordinated and integrated with engineering, manufacturing, and sales if the activity is to approach maximum effectiveness.

Interestingly, even the scientist and engineer want improved management. They want to assure that their work yields maximum benefits and growth impetus to the company. It is true, of course, that they do not want dictation as to how to carry out the scientific task—but do wish that task to be pointed toward the right objectives—to be pertinent rather than impertinent in terms of company interests.

This reversal in attitude toward research has created new dimensions for that activity. Where once research was looked to only for technical accomplishment, now there is a general expectation that the people in research be business people as well. This expectation is enhancing the profit impact of research. Once the research supervisor was looked to only for technical leadership; now he is expected to get accomplishment through people, to develop a team approach to research. This human-relations aspect makes balanced research management hard to come by but, when achieved, builds research effectiveness.

Research was once buried under several layers of organization. During the last decade, it has steadily increased in importance. This has been recognized by making the function independent of engineering and manufacturing and moving it into a structural position of equality with the other major functions. This fast movement upwards in the corporate structure has disrupted many existing relationships and, at the same time, made necessary the creation of new relationships. Many problems have resulted but these have gradually been met.

Despite these various accomplishments, R&D today still has a way to go to achieve its full profit impact on the business. The areas which seem to offer opportunity for greatest improvement are those which have been discussed here. Only a few key points could be covered within the confines of this article. The real crux of the matter is that management is not managing research as well as it knows how. It needs to bring to research the same degree of active energetic direction that has long characterized the management of the other major functions of the business. ■

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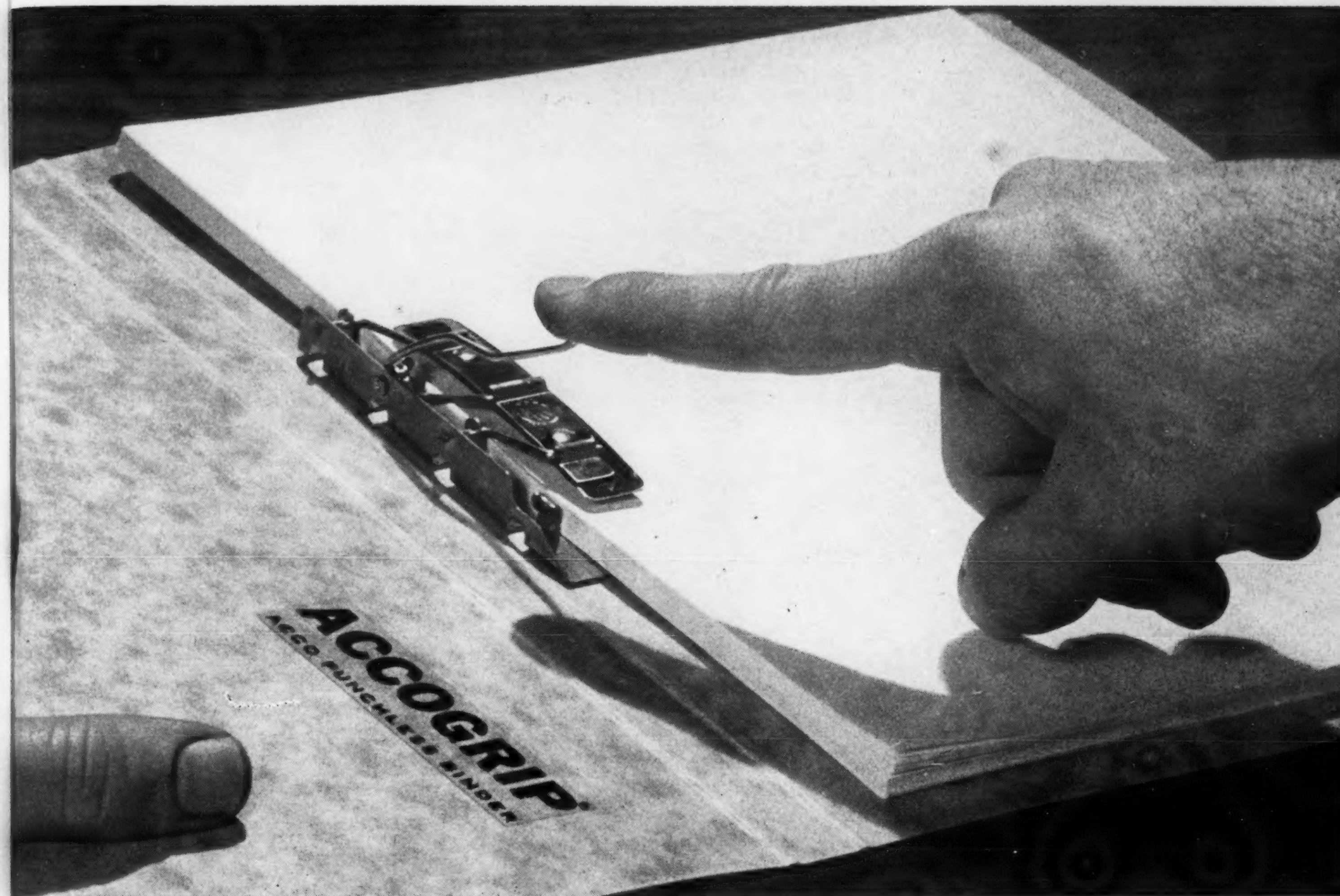

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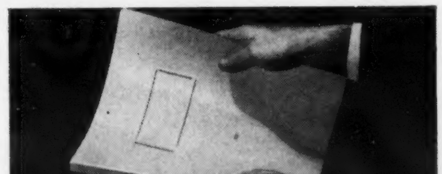

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How to sell

(Continued from page 38)

fund your money." "If you don't sell them, we'll exchange them for other merchandise."

"Is your product covered by an insurance policy"? Sell it!

■ **MULTIPLE BENEFITS.** Few people can resist a bargain. Show a man how he can get extra mileage out of your product and he's an odds-on favorite to buy.

Take the paper bath mat salesman who cracked the motel market wide open when he proved that his product also made a superior desk blotter.

Or, consider how salesmen for Pitney-Bowes, Inc. straight-arm the objection, "We don't carry on a big enough correspondence to warrant using postage meters."

"Our answer to that one," says Branch Manager D. E. Johnston, "is an impressive list of plusses. 'Quite aside from the savings on labor, Mr. Brown,' we say, 'think of these advantages: metered postage can't be lost or stolen; the machine does its own accounting–you know at a glance exactly how much you've spent on postage, how much you have left; because it's already canceled, metered mail skips certain post office procedures and gets to its destination faster than ordinary mail; and the message or symbol that you can stamp on every envelope along with the postage gives you valuable free advertising.'

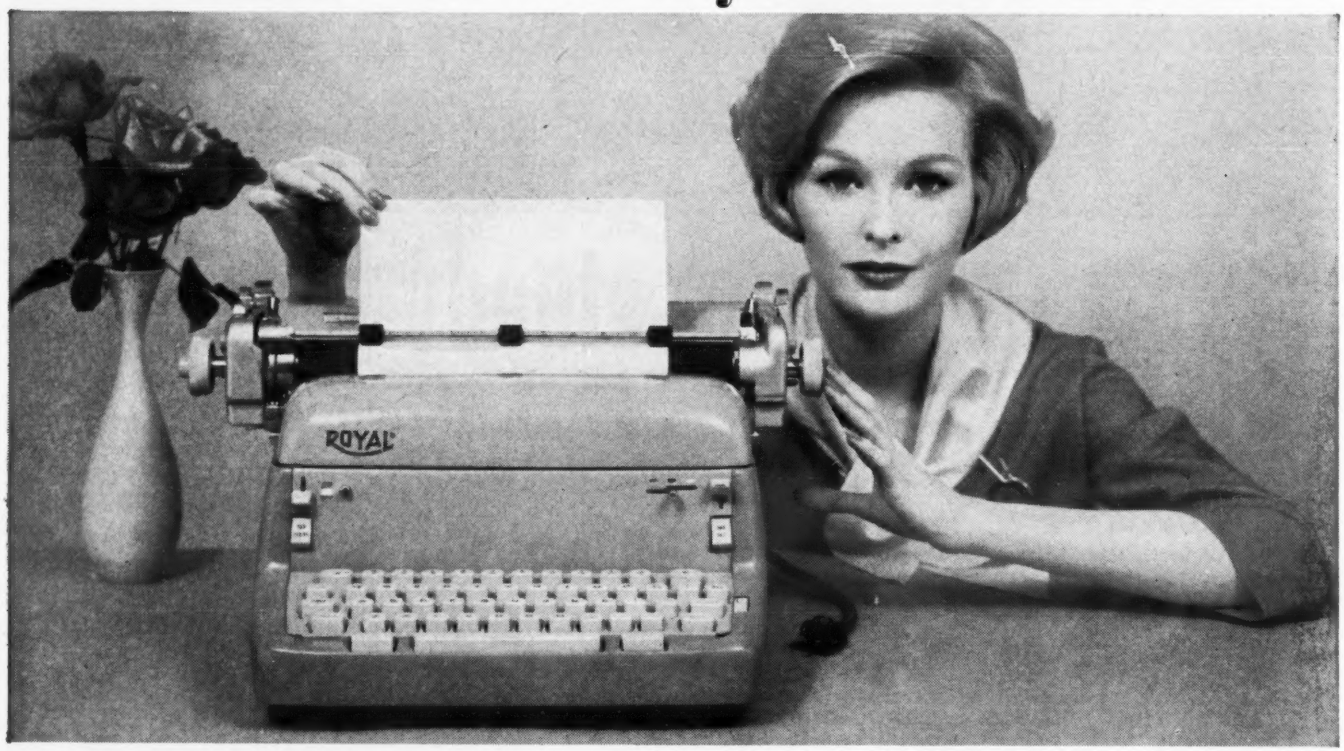
"The combined weight of all these considerations frequently makes all the difference between a brush-off and a pay-off."

Are there any overlooked uses for–or advantages in–*your* product?

■ **"BORROWED PRESTIGE."** If your brand is widely advertised or known, this fact in itself may be of great sales value to your customer. Explain to him the dollars-and-cents value of being able to say that he uses Minneapolis-Honeywell controls exclusively . . . Rolls

"I want the Businesslike Electric"

"I want the Ladylike Electric"



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ROYAL ELECTRIC: MAKES EVERY BUSINESSMAN A BETTER BUSINESSMAN, EVERY SECRETARY AN EXECUTIVE SECRETARY

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Royce engines . . . Fisher bodies . . . whatever.

Can you honestly say, "Our name on your label is worth real money"?

■ **DELIVERY.** Swift delivery can make a most effective difference.

Lufthansa, for example, employs several "supercargos," men whose sole function is to accompany cargo and attend to all paperwork while in the air. Result: no time wasted clearing customs; cargo gets to where it's going faster.

"Incredible as this may seem," explains the cargo manager for North America, Joerg W. Paetow, "this can sometimes cut as much as three days off a package's in-transit time. For example, if a shipment arrives at Idlewild Airport at 8:00 a.m. Friday, ordinarily customs clearance takes several hours. Before you know it, it's too late for that shipment to be delivered to its destination that day—it has to wait till Monday. But by getting all documents ready while the shipment is winging its way over the Atlantic, the cargo can be cleared in minutes and start on the final leg of its journey on Friday. For many shippers, this is a vital consideration."

Can *your* firm out-deliver the competition?

■ **SALES HELP.** The Aluminum Co. of America points out to prospects that its year-around promotions—which keep the Alcoa name on the tip of the public's mind—not only help to expand old markets for products using Alcoa aluminum; they build new markets as well.

A. G. Spalding & Brothers, manufacturers of sporting goods, will gladly arrange for one of their men to conduct a sales "clinic" for department store personnel.

Says District Manager Allen B. Hague: "We operate on the assumption that a good salesman is in partnership with his accounts. If our customer's salesmen, who face the ultimate consumer, are unfamiliar with our merchandise, we all suffer. But if they can explain with authority just why one baseball glove is worth $5 more than another, we all profit."

Does *your* company provide any noteworthy promotional or merchandising aids?

■ **CORPORATE POLICIES.** "We accept no direct sales from your customers—we sell only through authorized distributors and dealers like yourself." That sentence has unlocked many a door for the sales staff of one appliance manufacturer.

A representative for a non-ferrous metals firm has found a convincing clincher in his company's reputation for allocating scarce materials equally to all customers.

"We actually field-check your retailers before advising you what to stock," salesmen for a hardware manufacturer tell potential distributor customers.

Which of *your* company policies work to the customer's particular advantage?

The plusses are there. They've been there all along. You have only to dust them off to discover how persuasively attractive they can be. ■

Plans become "Jobs-in-Work" quicker when MAC supplies the Control Panels!

10:00 A.M. MONDAY: MAC Panels ordered

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Thousands of TAB installations now use MAC Control Panels because:

- Orders shipped same day they're received.
- Frames of aluminum-lightness, in alloys that give near-steel strength.
- Metal edges buffed satiny-smooth to eliminate cuts and splinters in handling.
- Closer tolerances at joints of machined parts for greater sturdiness, surer fit.
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(Continued on page 80)

DID YOU MISS IT?

Last month's issue of MANAGEMENT METHODS featured an article titled, **"How to sell more to the business market."** It reported on a multi-billion dollar segment of the business market termed, "The Market of Middle Billions."

"How to sell more to the business market" has received nationwide press coverage due to its impact on the entire marketing structure of firms selling to business.

Maybe you saw some of the news but missed the story. Send $1 to MANAGEMENT METHODS, 22 West Putnam Ave., Greenwich, Conn., for a statistical report on this vital business market and a reprint of the article.